

# Scenario Planning Budget & Resource Management



August 8, 2025

# Overview

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# FY26 Leading Revenue Indicators

## Fall '25 Enrollment Outlook:

	Fall '23 Final	Fall '24 Final	Fall '25 Budget	Fall '25 Update	Fall '25 Change	'25 v. '24	
<b>Total Undergraduate Headcount</b>	<b>6,616</b>	<b>6,480</b>	<b>6,502</b>	<b>6,534</b>	<b>32</b>	<b>54</b>	<b>0.8%</b>
Degree-Seeking	5,693	5,645	5,667	5,699	32	54	
New First-Time	1,229	1,243	1,268	1,240	(28)	(3)	
New Transfer	532	504	505	515	10	11	
Continuing	3,932	3,851	3,854	3,854	-	3	
Degree-Seeking High School Concurrent *	-	47	40	90	50	43	
Non-Degree	923	835	835	835	-	-	
<b>Total Graduate Headcount</b>	<b>2,451</b>	<b>2,389</b>	<b>2,325</b>	<b>2,305</b>	<b>(20)</b>	<b>(84)</b>	<b>-3.5%</b>
Degree Seeking	2,240	2,182	2,118	2,098	(20)	(84)	
New First-Time	718	779	720	700	(20)	(79)	
Continuing	1,522	1,403	1,398	1,398	-	(5)	
Non-Degree	211	207	207	207	-	-	
<b>Total Headcount</b>	<b>9,067</b>	<b>8,869</b>	<b>8,827</b>	<b>8,839</b>	<b>12</b>	<b>(30)</b>	<b>-0.3%</b>

\* **Degree-Seeking High School Concurrent students** = TREP (educator preparation) and Ascent (accelerated concurrent) students

- Eligible for full-time, degree-seeking enrollment while maintaining **official status as high-school students**
- Created by SB21-185, **TREP students can utilize this program for 2 years, Ascent students for 1 year**
- High schools receive state funding to pay for student tuition and fees at discounted rates – **community college rate caps**
  - Fall '25 tuition rates are **\$115 per credit vs. standard at \$375 per credit, a 70% discount**
- Of 47 TREP/Ascent students in Fall 24, **41 lived on campus with meal plans at full rates**
  - Of 24 Ascent students in Fall 24, **19 have registered for fall 25 as New/First-time**
  - Of 23 TREP students, **15 are returning for a 2<sup>nd</sup> year**, 7 did not persist to 2<sup>nd</sup> Semester

# FY26 Leading Revenue Indicators

## FY26 Room & Board Revenue

- Budget is \$32.6 million, an increase of 11% over FY25
  - 6.2% from rate increases (8% Room, 4% Board average increases)
  - 4.8% from volume increases (3% Room, 7% Board increases)
- As of July 17<sup>th</sup> point-in-time comparisons for Housing Contracts:
  - +14% in total contracts compared to last year
  - About 93% have chosen a room, i.e., less likely to cancel
  - +2% for New, first-time contracts
    - Most of the point-in-time increase is in renewals
      - Positive indicator longer-term occupancy improvement
      - Negative indicator for growth in meal-plan contracts

# FY26 Budget Management Requirements

## Key Cost-Saving Budget Assumptions:

- **Delay compensation increase to January** (full-time Faculty, PA staff) = **\$1.5M**
- **Faculty and Staff reductions through attrition = \$2.5M**
  - Incremental to typical vacancy savings for turnover and re-hire
  - Requires Cabinet review/approval to fill open positions
  - Takes advantage of expected turnover of ~125 positions in FY26
  - Requires elimination of 25 – 50 open positions in FY26
- **Organization Structure Changes = \$1.5M**
  - Potential incremental attrition and non-personnel savings via consolidation and/or centralization of services
- **Increased use of spendable, unrestricted Foundation funds** for operating = **\$1.0M**
- **Conservative spending** on discretionary non-personnel expenses = **\$0.5M**

# **Financial Factors & Scenarios Beyond FY26**

# Beyond FY26

## 5-Year Assumptions in Revenue & Expenses – “Stable” Scenario

### Revenue

- UG tuition & fees rate increases = 3% per year
- UG enrollment increases = 1% per year
- UG Institutional Aid (Discount Rate) = steady at 28%
- GR tuition & fee rate increases = 3% per year
- GR enrollment increases = 0% per year
- Room & Board rate increases = 3% per year
- Room & Board occupancy/participation increases = 1% per year
- **Total Student Revenue increase FY27 thru FY31 = \$23.8 M**
  - State funding changes = Flat FY27 – FY29, 2% in FY30, 3% FY31 = \$3.2M
- **Total Revenue increase FY27 thru FY31 = \$27.0M**

# Beyond FY26

## 5-Year Assumptions in Revenue & Expenses – “Stable” Scenario

### Expenses

- Average compensation increases (All Groups) = **3% per year**
  - (this rate of increase does not ensure progress to Parity)
- Fringe Benefits rate = **steady at 31.5%**
- Average inflation impact for Non-Personnel expenses = **2% per year**
- **Total Expenses increase FY27 thru FY31 = \$28.0M**

### “Stable” Scenario Outcome – FY27 thru FY31

Total Revenue increase = \$27.0M

Total Expense increase = \$28.0M

**Net Impact = (\$1.0M)**



# Beyond FY26

## Opportunities for Improvement

- COM net operating impacts at full enrollment (expected FY30)
  - Early assumption - proceeds retained and reinvested for:
    - COM facility maintenance and improvements
    - Cover for COM program enhancements and operating cost increases
    - Other capital for maintenance and improvement of campus facilities
- COM impacts on related program enrollment
- Fundraising campaign
- Community funding for development and expansion of programs
- Private/Public development on campus property, e.g., apartments, hotel, other

# Beyond FY26

## State fiscal management challenges

- **New Governor / Administration** will take office in calendar 2027
- \$1.2 billion budget reconciliation challenge for FY26
  - Resolved with significant temporary measures
  - 2.5% increase in higher-ed funding (2.3% for UNC)
    - **State funded \$32M of \$112M** in higher-ed basic cost increases
- **Medicaid cost increases** were the most significant fiscal impact for FY26
- **Federal tax cuts** result in ripple effect impacts on state tax revenue
- **Federal reductions in Medicaid funding** will take effect January 2028
- **Federal reductions in SNAP funding** will take effect January 2028
- Potential impacts of **Dept. of Education dismantling**, pushing admin to states
- **Aging infrastructure** – no funding for capital construction and renewal
- **Higher Ed has no statutory commitment** for sustained funding
- **Overall sentiment is that state higher ed funding will be reduced in FY27**

# Beyond FY26

## Other federal policy impacts on financial aid funding – effective July 1, 2026 (FY27)

- **Undergraduate student loan restrictions** based on median earnings comparison
  - **Grad Plus loans eliminated** as incremental funding source
  - **Grad loan lifetime maximum** at \$100k, or \$200k for medical school programs
  - Proposed **Pell eligibility requirement of 30 credits** per year – not codified, yet
  - **Work-force Pell options** for certificate and non-degree programs – competitive impacts
  - **Pell eligibility eliminated** where total aid exceeds estimated cost of attendance
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- All of these policies lack definition and implementation information
  - Significant questions around Dept. of Education ability to implement
  - **Full financial impacts, likely on enrollment, are TBD**



**UNC**