

Multi-Year Financial Scenarios

Fiscal Years 22 - 27

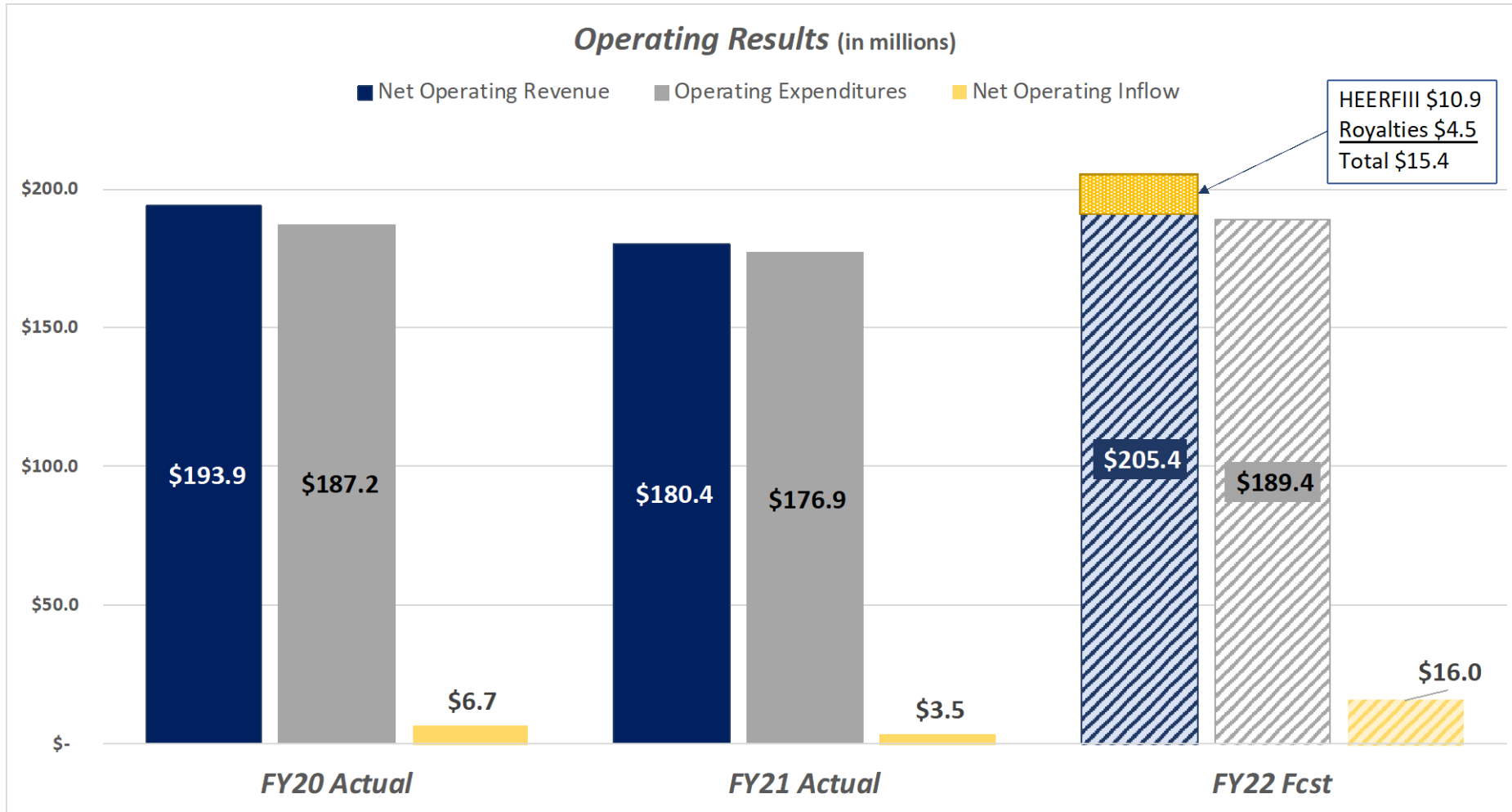


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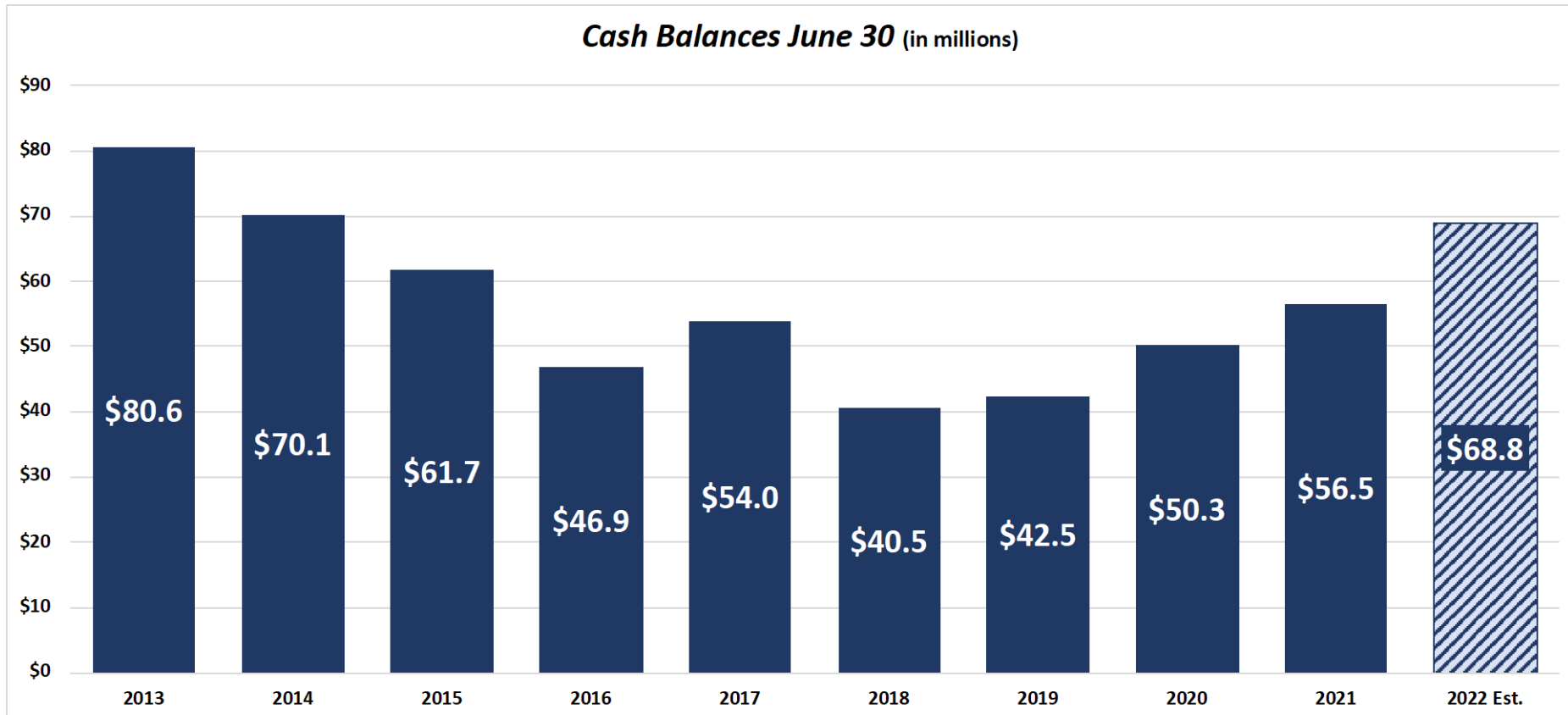
Purpose / Agenda

- **Discussion Purpose:** Initial review of multi-year financial scenarios
 - Note: These scenarios
- **Agenda**
 - FY22 Forecast
 - 5-Year Scenarios - Baseline Assumptions
 - Objectives
 - 5-Year Scenarios – Adjusted with examples of opportunities/tactics
 - Discussion of other considerations
 - Partial list of potential upsides and downsides

FY22 Forecast



FY22 Forecast



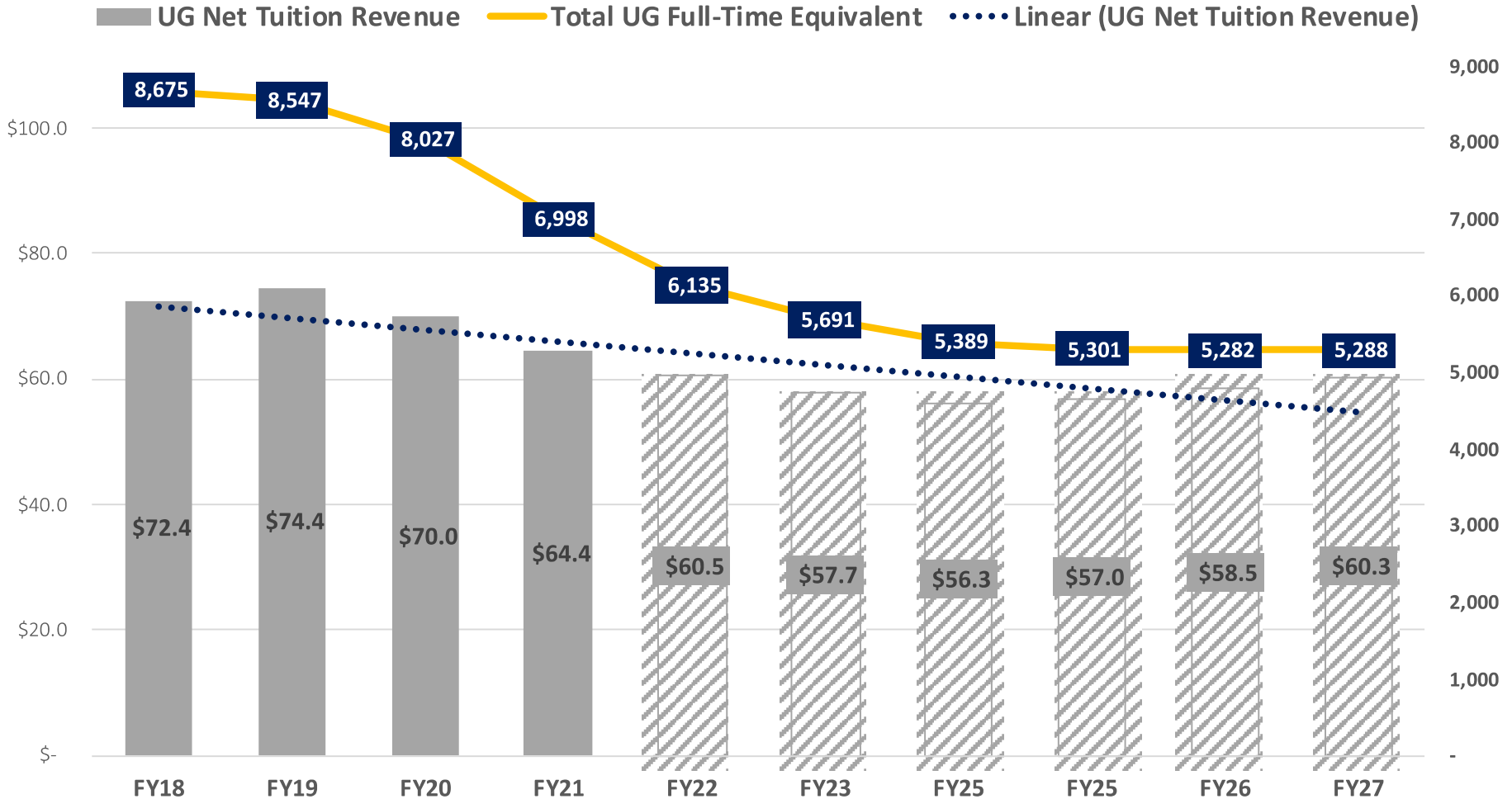
5-Year Scenarios

Baseline Assumptions:

- New First Time and New Transfer enrollment equal to Fall '21
- Continuing enrollment based on 70% NFT and 77% NTR retention rates
- UG Tuition rates increasing at 3% per year
- GR Tuition increasing at 2% per year
- Student Fee rates increasing at 3% per year
- Room & Board rates increasing at 3% per year
- Sodexo implications for financial scenarios not included
- State funding increase of 4% for FY23 and 2% thereafter
- Personnel Expenses include 2% compensation increase per year and 1% increase in fringe benefits per year
- Non-Personnel Expenses increase by 1% per year

5-Year Scenarios – Baseline

UG Enrollment & Net Tuition Revenue with 3% T&F Inc. (in millions)



5-Year Scenarios – Baseline

Operating Budget Summary							
	FY22 Budget	FY22 Fcst	FY23	FY24	FY25	FY26	FY27
Undergraduate Net Tuition & Fee Revenue	\$ 62.1	\$ 60.5	\$ 57.7	\$ 56.3	\$ 57.0	\$ 58.5	\$ 60.3
Graduate Net Tuition & Fee Revenue	\$ 30.7	\$ 29.4	\$ 30.0	\$ 30.6	\$ 31.2	\$ 31.8	\$ 32.5
Net Room & Board Revenue	\$ 21.7	\$ 22.0	\$ 23.7	\$ 25.3	\$ 27.0	\$ 28.9	\$ 28.9
Subtotal Student Revenue	\$ 114.5	\$ 111.9	\$ 111.4	\$ 112.2	\$ 115.2	\$ 119.3	\$ 121.7
State Support	\$ 51.7	\$ 51.7	\$ 53.8	\$ 54.8	\$ 55.9	\$ 57.1	\$ 58.2
Federal CARES Act Support	-	-	-	-	-	-	-
HEERF II Funds	5.6	5.8	-	-	-	-	-
HEERF III Funds	-	10.9	-	-	-	-	-
Foundation Support	7.2	8.1	5.8	5.9	6.0	6.1	6.2
Other Revenue	15.6	12.5	15.2	15.3	15.7	16.2	16.6
Oil & Gas Royalties	-	4.5	-	-	-	-	-
Subtotal Other Revenue	\$ 80.2	\$ 93.5	\$ 74.7	\$ 76.0	\$ 77.6	\$ 79.4	\$ 81.0
Net Operating Revenue	\$ 194.6	\$ 205.4	\$ 186.2	\$ 188.2	\$ 192.9	\$ 198.7	\$ 202.7
Expenditures							
Personnel Expenses	\$ 126.0	\$ 123.6	\$ 128.8	\$ 131.7	\$ 134.6	\$ 137.6	\$ 140.7
Non-personnel Expenses	43.7	42.0	42.5	42.9	43.3	43.7	44.2
Debt and Lease Payments	11.3	11.3	11.2	11.9	11.9	11.9	11.9
Multiyear Projects	3.8	3.9	3.0	3.0	3.0	3.0	3.0
Total Operating Expenditures	\$ 184.9	\$ 180.9	\$ 185.4	\$ 189.4	\$ 192.8	\$ 196.2	\$ 199.7
Capital Transfers	6.5	6.7	5.8	6.0	6.3	6.7	6.7
Total Expenditures	\$ 191.3	\$ 187.6	\$ 191.2	\$ 195.4	\$ 199.1	\$ 202.9	\$ 206.5
Total Operating Inflow/(Outflow)	\$ 3.3	\$ 17.8	\$ (5.1)	\$ (7.3)	\$ (6.2)	\$ (4.2)	\$ (3.8)
Balance Sheet Changes/Timing	(0.4)	(1.8)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Net Operating Inflow/(Outflow)	\$ 2.9	\$ 16.0	\$ (5.3)	\$ (7.5)	\$ (6.4)	\$ (4.4)	\$ (4.0)

5-Year Scenarios – Objectives

Objectives:

1. Address pressure on Cash from Operations
2. Fund critical strategic investments

Examples of opportunities for tactics:

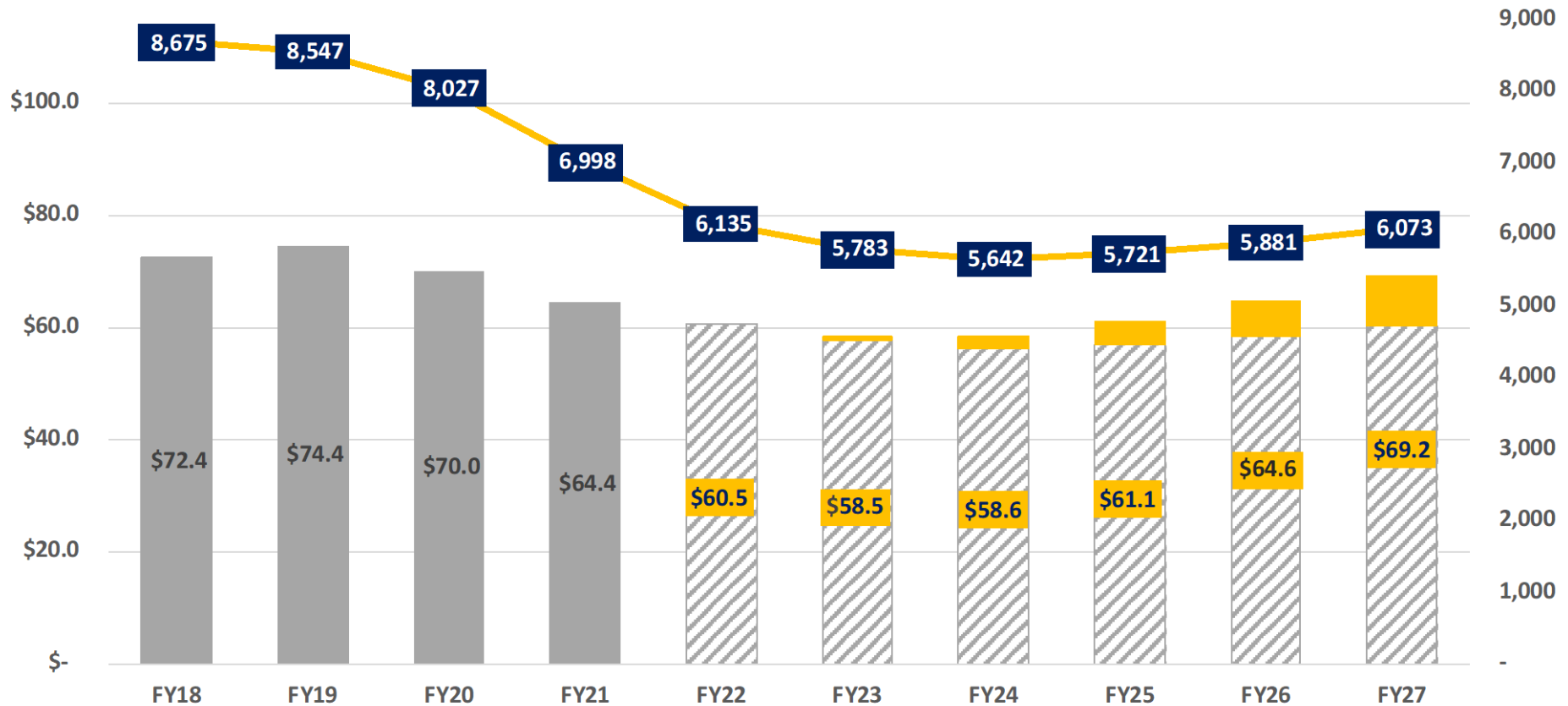
- Enrollment Improvements (e.g. +50 in Fall 22 = \$1.5 million over 5 years)
- Additional Oil & Gas Royalties
- Bond Refinancing
- Expense Management (slower growth / attrition / optimization)
- Property Sales
- Use of Operating Reserves

Example of Critical Strategic Investment: *Faculty/Staff Compensation Parity*

5-Year Scenarios – Enrollment/NTR

UG Enrollment & Net Tuition Revenue with +100 NFT/2yrs, +50 NFT/3yrs
(in millions)

■ UG Net Tuition Revenue ■ Rate Change Impact — Total UG Full-Time Equivalent

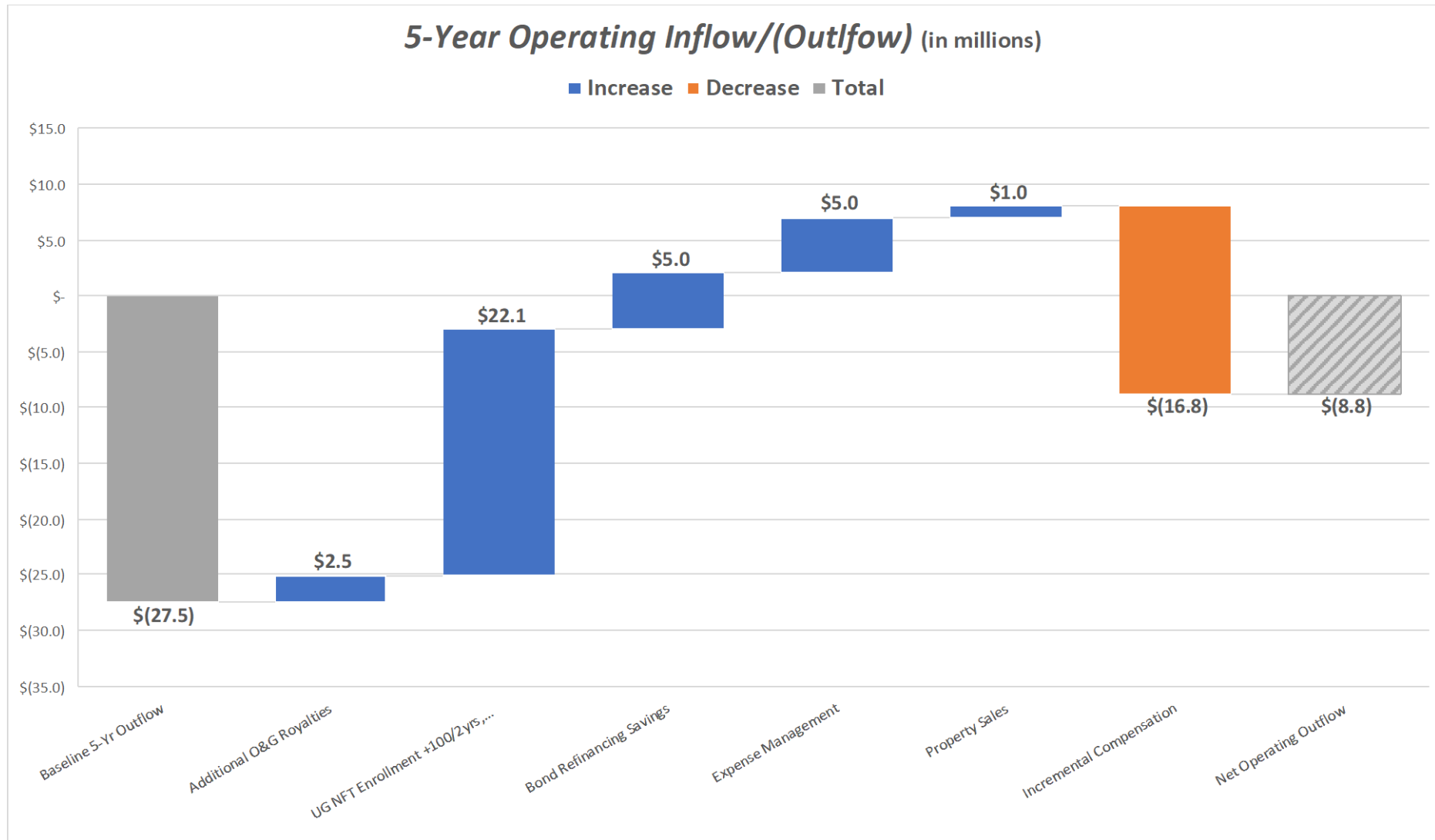


5-Year Scenarios – Adj. Examples

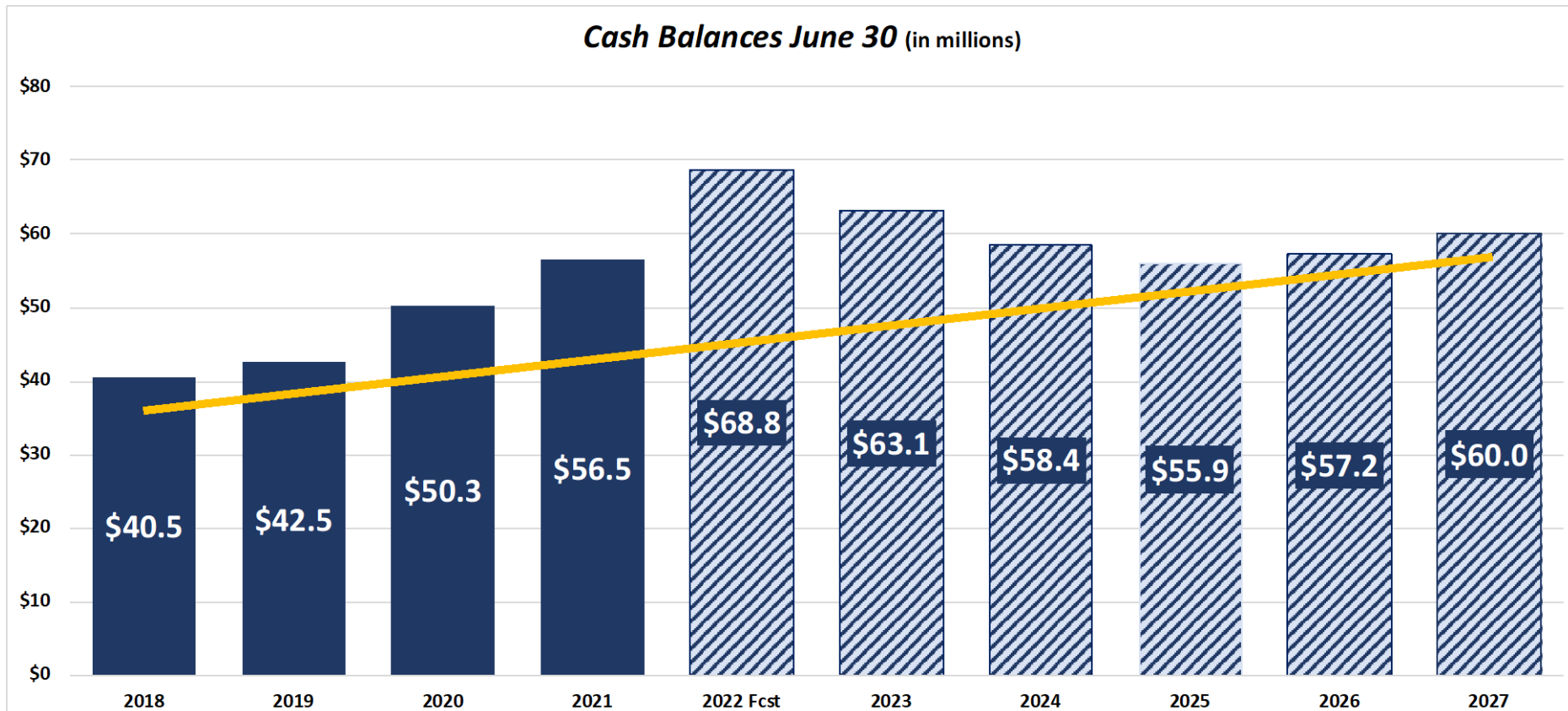
Operating Budget Recap							
	FY22 Fcst	FY23	FY24	FY25	FY26	FY27	5-Year Total
Operating Inflow/(Outflow)	\$ 16.0	\$ (5.3)	\$ (7.5)	\$ (6.4)	\$ (4.4)	\$ (4.0)	\$ (27.5)
Additional Oil & Gas Royalties		0.8	0.6	0.5	0.4	0.2	2.5
UG NFT Enrollment: +100/2yrs, +50/3yrs		0.8	2.3	4.1	6.1	8.9	22.1
Bond Refinancing Savings		0.5	1.3	1.2	1.0	1.0	5.0
Expense Management (Attrition/Optimization)		-	1.5	1.5	1.5	0.5	5.0
Property Sales		0.4	0.3		0.3		1.0
Subtotal Impacts before New Investments		\$ 2.5	\$ 6.0	\$ 7.3	\$ 9.3	\$ 10.6	\$ 35.6
Incremental Compensation*		(3.0)	(3.2)	(3.4)	(3.6)	(3.8)	(16.8)
Net Impacts from Scenario Changes		\$ (0.5)	\$ 2.8	\$ 3.9	\$ 5.7	\$ 6.8	\$ 18.7
Adjusted Operating Inflow/(Outflow)		\$ (5.7)	\$ (4.6)	\$ (2.5)	\$ 1.3	\$ 2.8	\$ (8.8)

* Incremental Compensation shown increases baseline assumptions to achieve 4.5% increase per year

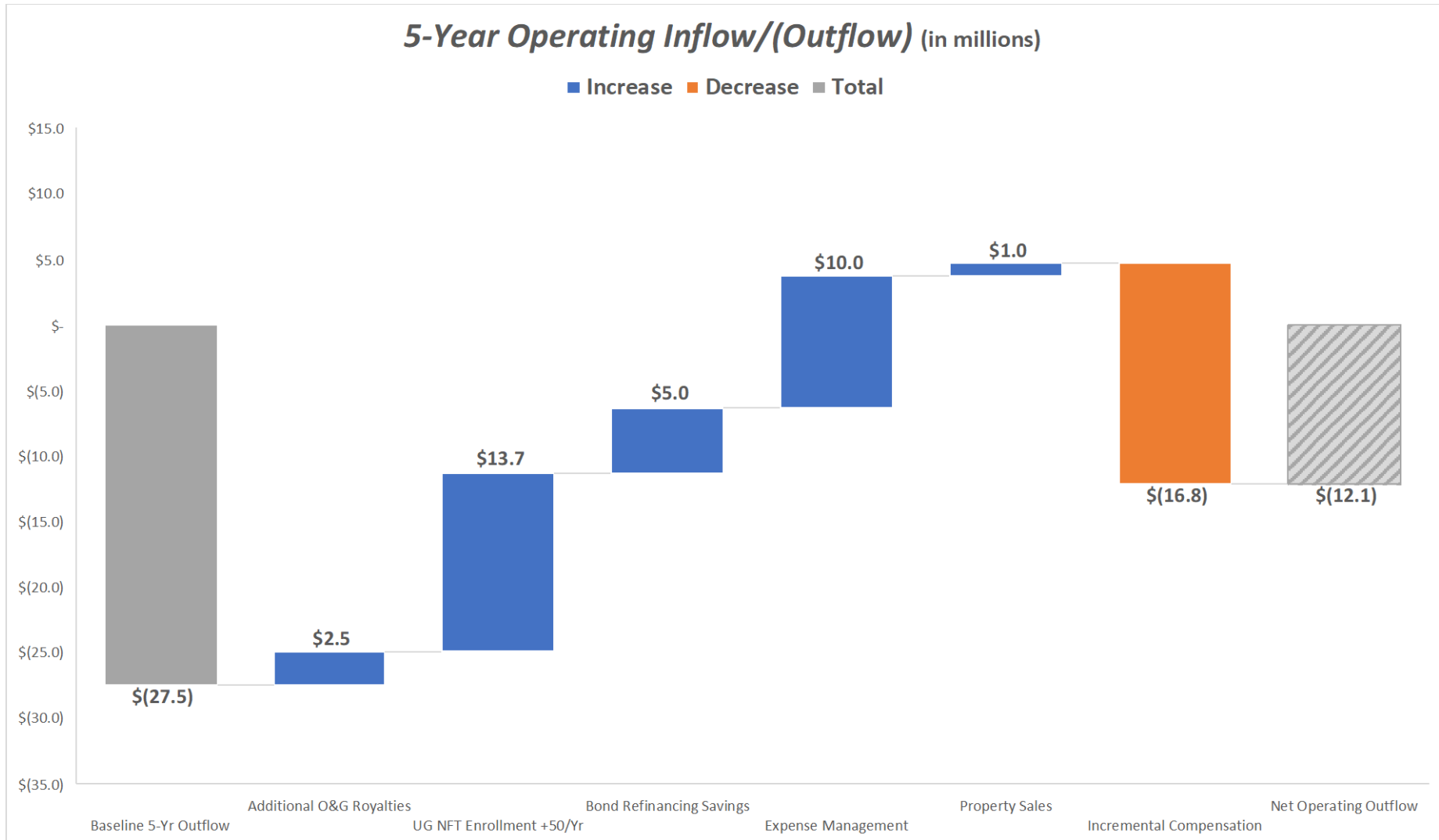
5-Year Scenarios – Adj. Examples



5-Year Scenarios - Cash Balances

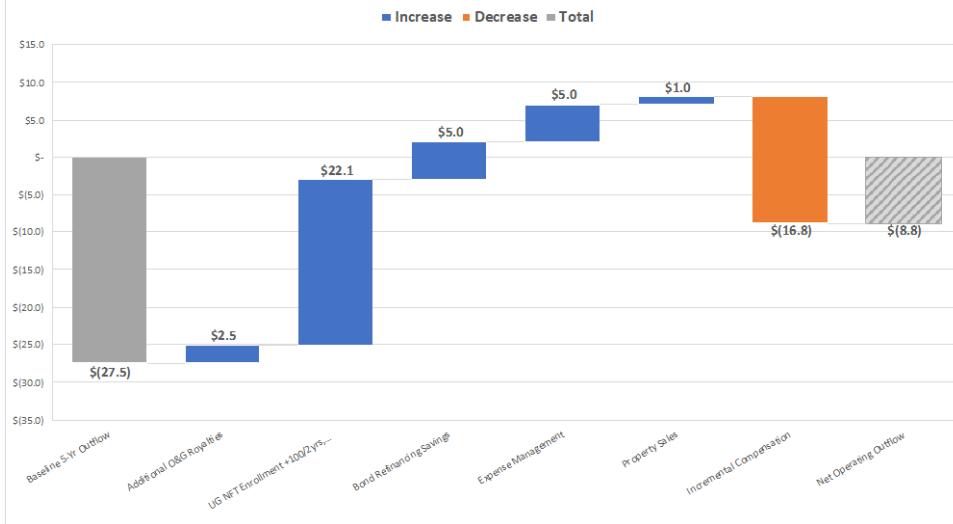


5-Year Scenarios - Cash Balances

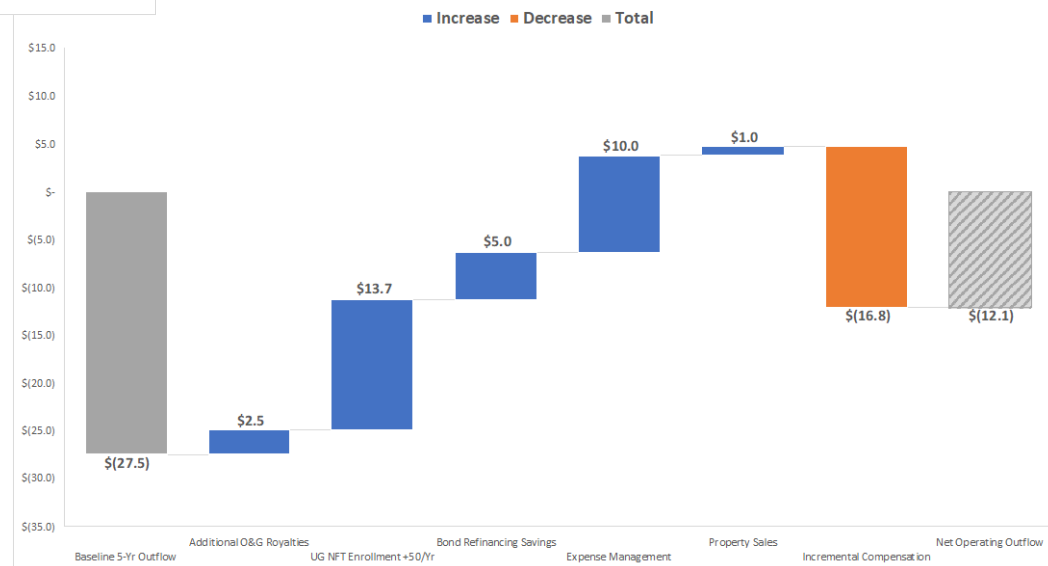


5-Year Scenarios - Cash Balances

5-Year Operating Inflow/(Outflow) (in millions)



5-Year Operating Inflow/(Outflow) (in millions)



Other Considerations

- Tuition and Fee rates, and Discounting strategies
- Changes in on-campus living policy for second-year students?
- State funding model allocations increasingly influenced by Equity Gap performance metrics, i.e. Recruiting, retention, completion for 1st-Gen, Pell, URM students
- Faculty and staff morale, retention
- Cost-saving initiatives could improve outcomes, but at what costs to quality of service? Reductions through attrition?
- Needed investments in facilities and infrastructure
- Rowing not Drifting, 2030 initiatives and investments needed

Upsides / Downsides

Upside opportunities:

- Sodexo investments / campus improvements
- Room & Board Revenue from Enrollment/Occupancy Improvements
- School of Osteopathic Medicine
- HSI benefits to enrollment / retention / funding
- State funding impacts
- Federal legislation impacts – Pell grant increases, etc.

Downside risks:

- Smaller long-term trend for student population
- State funding impacts
- COVID-19 impacts (outbreaks, restrictions, athletic schedules, events, etc.)
- Federal legislation impacts – Community College incentives, etc.
- Other competitive shifts in higher education
- Demographic “cliff” in FY26+

Summary & Questions



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