



UNCA Revitalization

September 2022

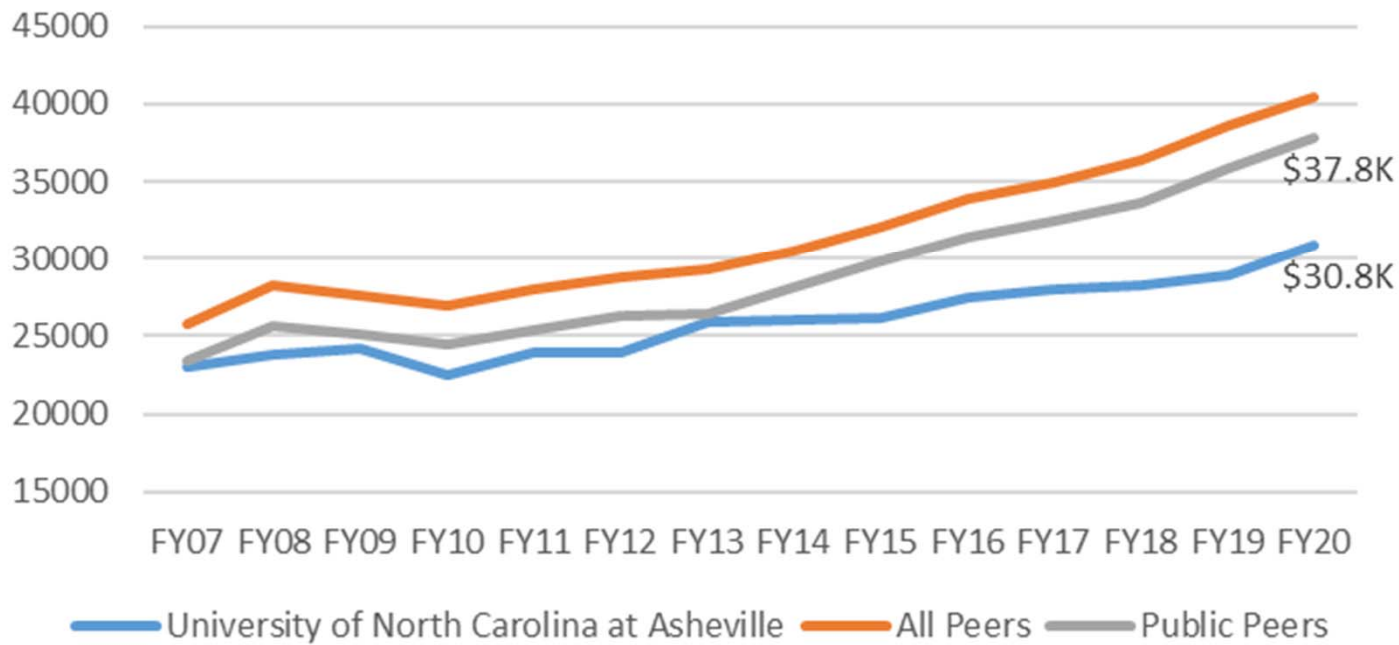
UNC Asheville was known historically as:

- Distinctive and nationally ranked residential liberal arts and sciences university
- Long standing reputation for excellent and productive undergraduate research
- Highly-dedicated faculty who choose UNC Asheville for its distinctive mission
- Academic rigor & selectivity that yields success in graduate school admission and strong job placement
- Graduates who become leaders in thoughtforce and workforce for the region, state and nation
- “A Gem of the UNC System”

Major institutional challenges/weakness (2008-2018)

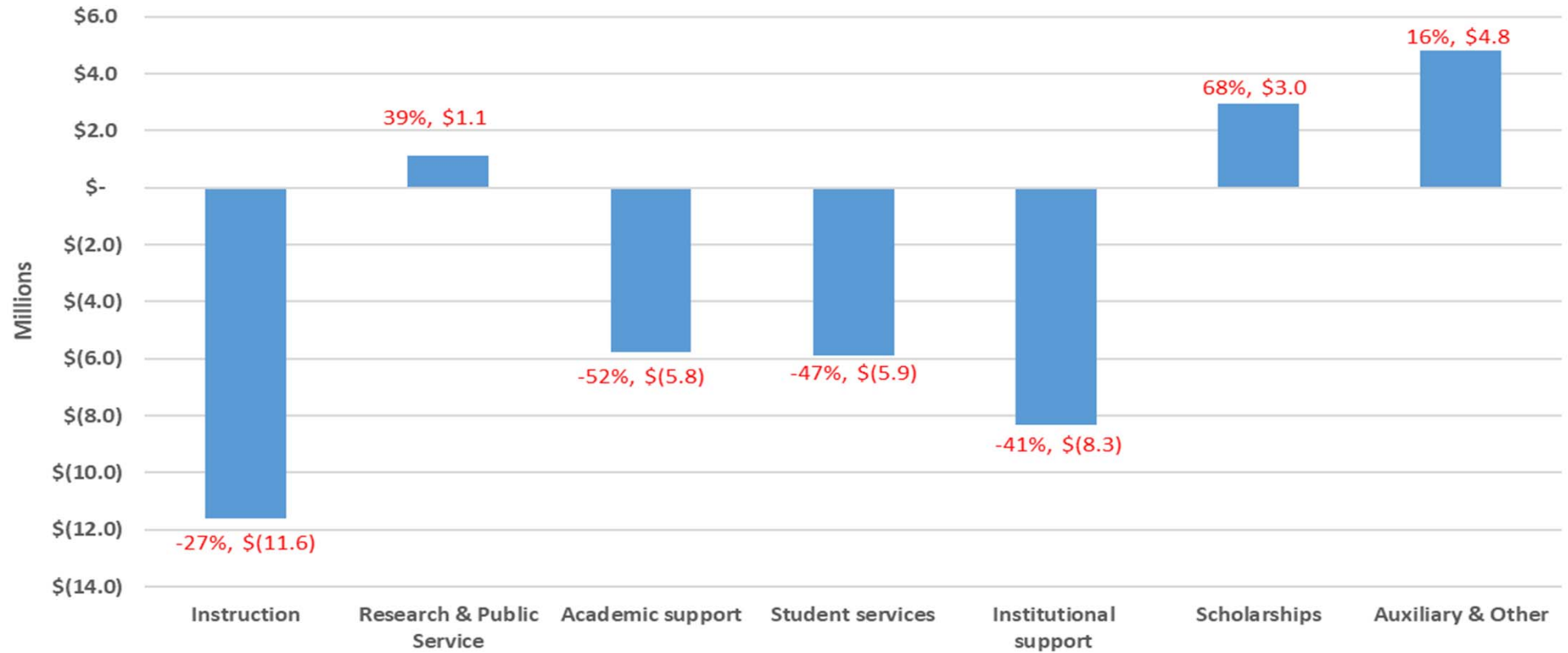
- Leadership instability and change
 - 4 Chancellors & 3 Provosts
 - 4 Vice Chancellors for Advancement
 - 4 Vice Chancellors for Admission & Financial Aid
 - 3 Directors of Human Resources
- Address the highest employee turnover in the UNC System
- Underfunded compared to benchmark and UNC System peers (annual \$23 million in 2020 alone), requiring internal budget reductions annually
- UNC Asheville failed to advocate for critical needs since 2012 (no requests of the state and no new academic programs)
- Enrollment decline and weak student retention lowered market demand
- No sustained philanthropy – UNC Asheville is the **LAST** of the UNC System universities to do its **FIRST** comprehensive campaign
- Very few high-impact, strategic regional and state partnerships

Total Expenses per FTE
Comparison to UNC Asheville BOG peers, IPEDS data

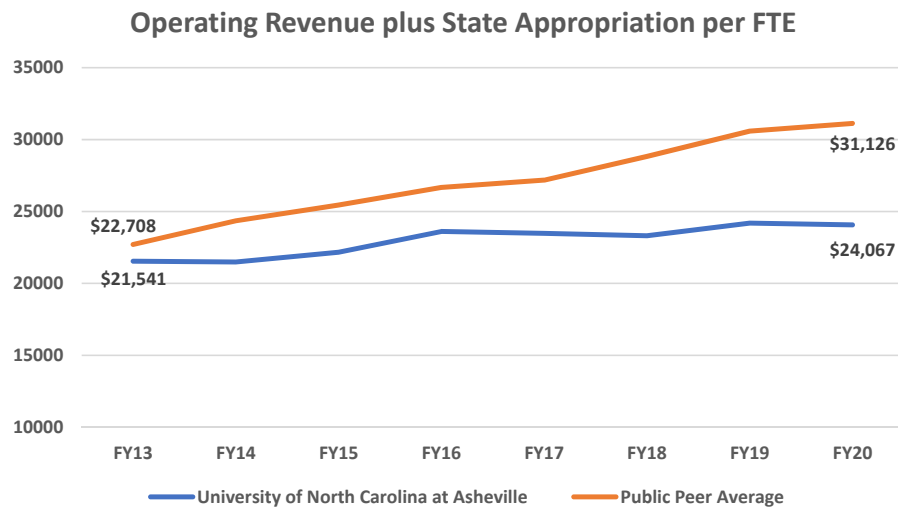


In FY 2020, UNC Asheville spent \$30.8K per student while our public peers spent \$37.8K per student. With UNC Asheville's 12-month FTE of 3,267 students in FY20, this is a difference of \$22.8 million per year underfunding, 19% below our peers.

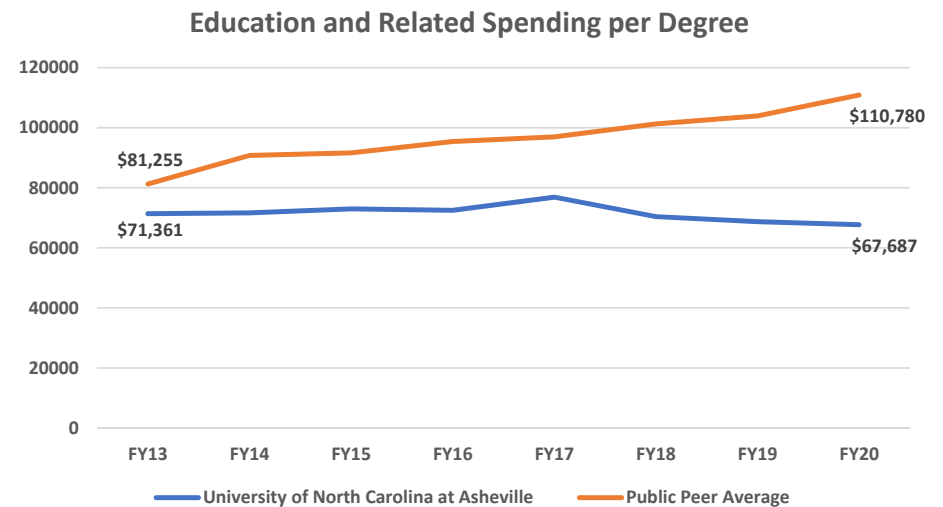
FY20 UNCA Expense per FTE compared to Public Peers



Financial Comparison: UNC Asheville with Public Peers

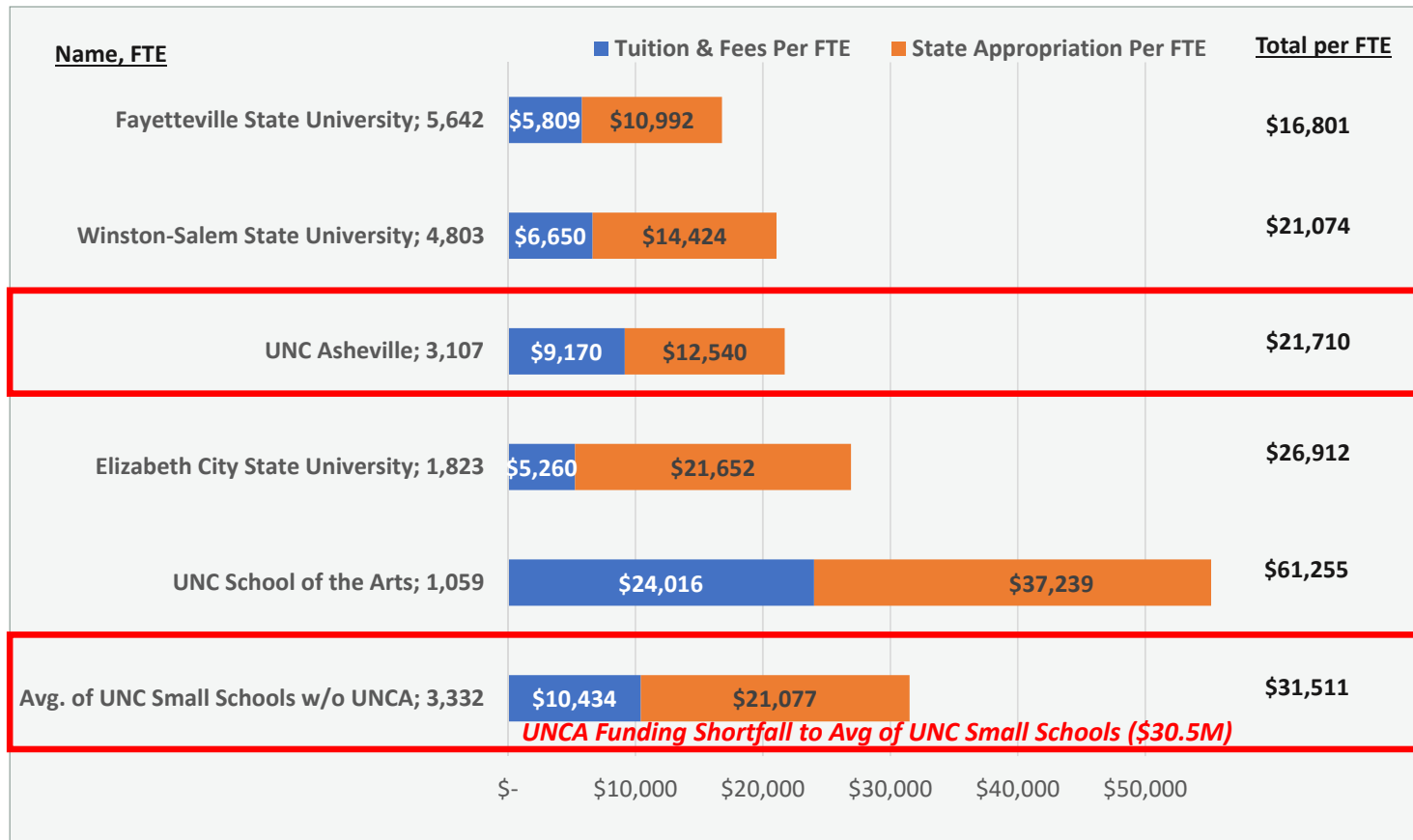


The current gap in FY20 with peers is \$7,059 per FTE, 23% below our peers, for a total revenue shortfall of \$23.1M.



The current gap in FY20 with peers is \$43,183 per degree for a total difference of \$34.1M or 39% below our peers. The much appreciated \$5M appropriation to support enrollment and retention will reduce this gap somewhat in future years.

2020 per Student Revenues (Tuition and State Appropriation) Small UNC Schools



- *There is a roughly \$9.8K per FTE difference in tuition & fees plus state appropriation per FTE compared to the average over these small schools, or 31% less. Multiplying the \$9.8K difference by our Fall 2020 enrollment of 3,107 yields a funding shortfall of roughly \$30.5M.*

Staff Vacancies

STAFF VACANCIES	6/30/2020	6/30/2021	6/30/2022
# of Positions	70	98	115
\$ of Annualized Vacancies with Fringe	\$2,936,511	\$4,347,031	\$6,763,526

Salary per Employee Comparison to UNC System

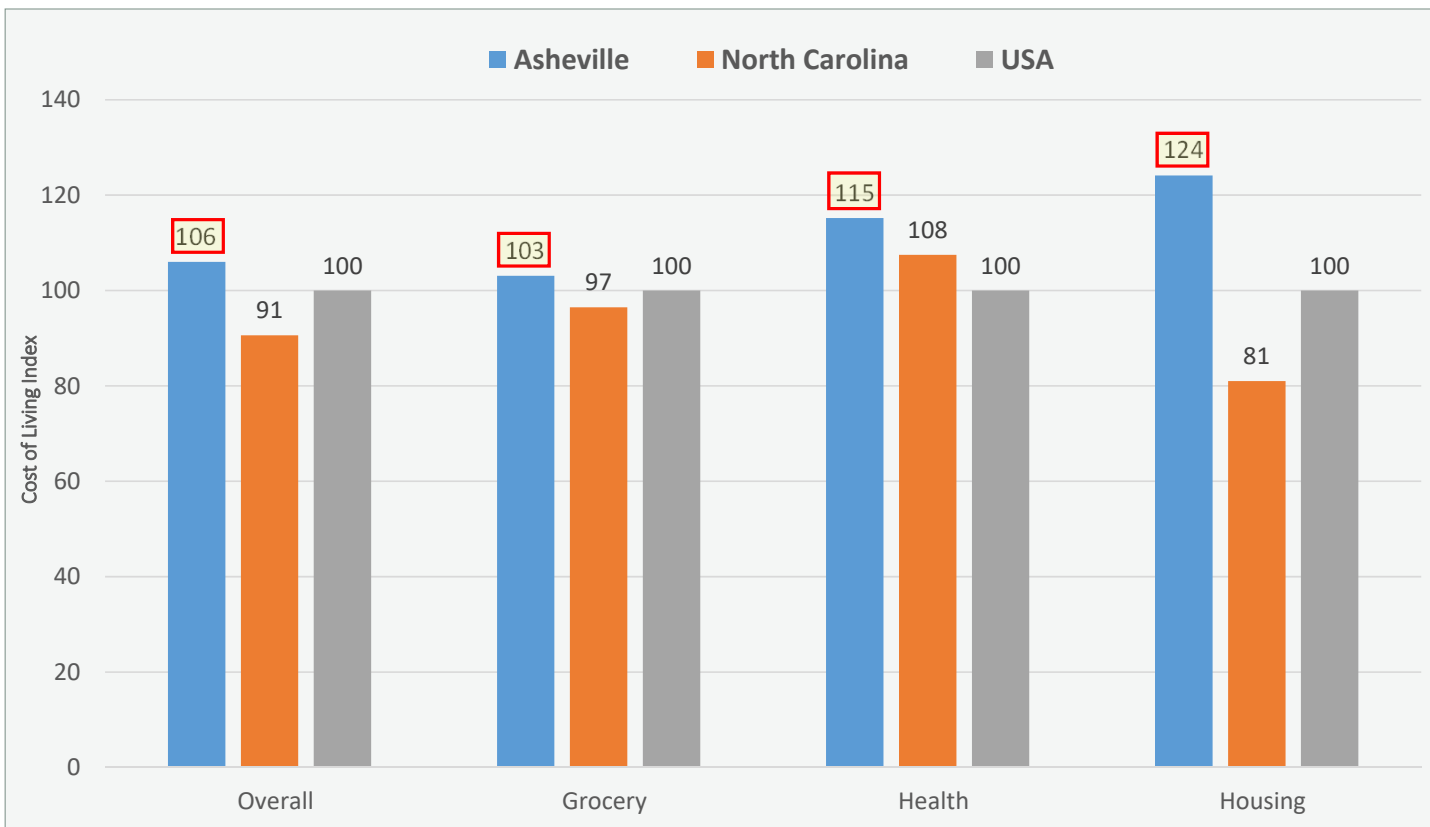
	<u>FY18</u>	<u>FY22</u>
UNCA	\$58,635	\$60,127
Average of UNC System	\$73,236	\$78,033
UNCA % below UNC System	20%	23%

<u>UNC Schools below UNCA in FY18</u>	<u>FY18</u>	<u>FY22</u>
UNC Pembroke	\$55,277	\$58,657
Western Carolina University	\$58,288	\$62,157
NC School of the Arts	\$58,559	\$61,763

In FY22, UNCA has the 2nd lowest salary per employee in the UNC System and is in one of the highest cost of living areas in the state. UNCA has now fallen behind Western Carolina University and NC School of the Arts in salary per employee in FY22.

A Perfect Storm

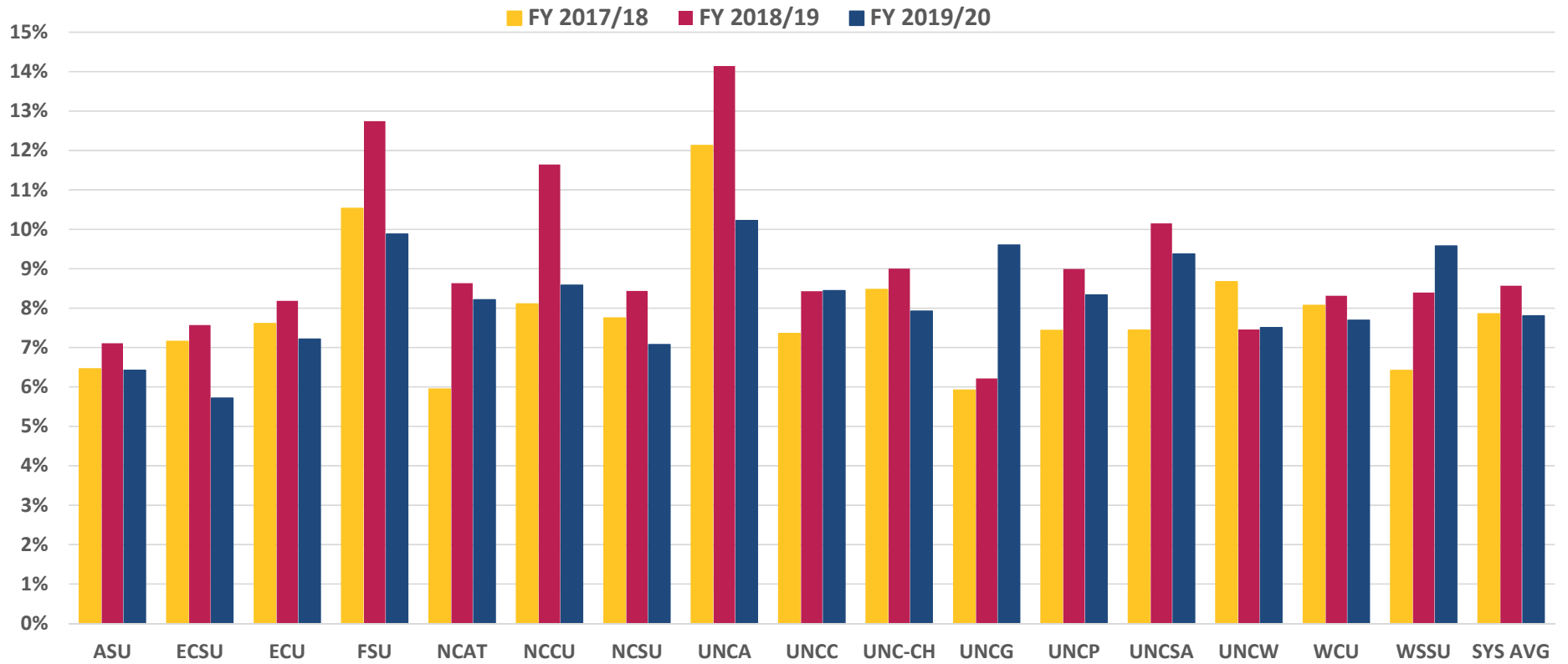
2019 Asheville Average COL Comparison



- Asheville is 16% more expensive to live in relative to the average across all NC cities.
- The difference is particularly acute in housing where Asheville is over 50% more expensive to live in relative to the NC average.

VOLUNTARY TURNOVER

Voluntary Turnover Rates by Institution – Staff Only



New Enrollment Model Policy Concerns

Not aligned with strategic goals

- Lacks incentives for undergraduate education, completion, and efficiency
- Only incentivizes enrollment even though enrollment growth is not our top priority
- Does not fund on-campus summer instruction – a key strategy for improving completion rates

Incentivizes campuses to add more costly programs

- Current model is designed to fully reimburse costs regardless of program expense, return on investment, or mission
- Higher appropriation for graduate students and courses that are expensive to provide incentivizes enrollment in these areas

Unnecessarily confusing and complex

- Calculating requirements and then subtracting tuition complicates the model, particularly for nonresident students
- Multiple calculation steps leads to a lack of understanding and transparency
- Nonresident students subsidized if tuition does not cover their costs

Does not accommodate a diverse system

- Current model is not well designed for special-focus institutions or those that are unable or choose not to grow enrollments
- Does not reward campuses for optimizing their existing capacity

Proposed Funding Model: The Concept

An ***incremental*** funding model that provides a clearly defined State subsidy for the change in ***performance-weighted, resident*** SCHs.

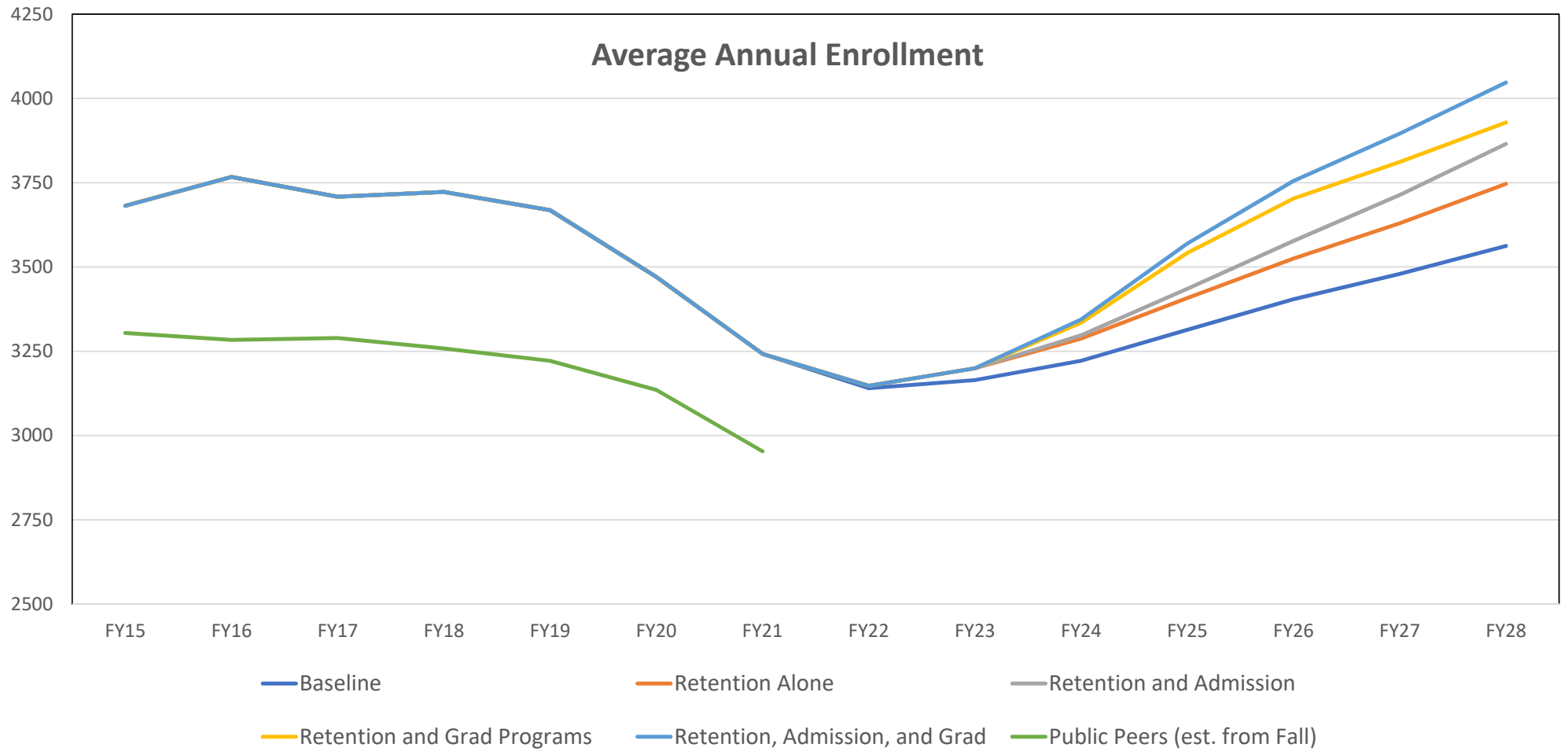
Step 1		Step 2		
Change in		Appropriation per		
Performance-Weighted	X	Credit Hour	=	Appropriation
Student Credit Hours				
<i>Completed Resident SCHs only</i>		<i>based on % of national avg</i>		
<i>(all terms)</i>		<i>(Delaware study data)</i>		

Feedback Themes: Enrollment Component

Campus Feedback Theme	Recommendation
Nonresident Graduate Students: Concern that the lack of subsidy for nonresident graduate students will limit ability to recruit talented non-resident students who may ultimately make North Carolina their home and contribute to the state’s economy.	No change: Model should prioritize State funding for North Carolina residents.
Summer Tuition Rates: Concern about regular tuition rates being a barrier to summer enrollment.	Allow campuses to set summer tuition up to regular tuition rates. Provides flexibility to offer rates that best fit goals and circumstances of the institution.
Transition Length: Concern that one transition year is inadequate.	No change: Necessary for institutions to adapt to revised incentives as quickly as possible.
Legacy Underfunding: While the proposed model seeks not to perpetuate funding inequities, it does not solve historic funding differences.	Not within scope: Because the proposed model is incremental, it does not recalculate base funding. The issue of historic funding levels is a separate issue, outside the scope of the current conversation.

Enrollment Funding Model – UNCA Legacy Underfunding

	<u>SCH Per System Office</u>	<u>Rates from UNC System Office</u>		<u>2021 Hours</u>	<u>2021 Hours</u>	<u>Difference</u>
	<i>2021</i>	<i>Current</i>	<i>Proposed</i>	<i>x Current</i>	<i>x Proposed</i>	
Biology	3,352	\$ 281	\$ 372	\$ 941,981	\$ 1,248,285	\$ 306,304
Business	3,391	\$ 172	\$ 285	\$ 581,815	\$ 966,956	\$ 385,142
Communication	2,143	\$ 88	\$ 308	\$ 188,174	\$ 660,877	\$ 472,703
Computer Science	2,122	\$ 281	\$ 368	\$ 596,326	\$ 780,151	\$ 183,826
Cultural & Gender Studies	1,314	\$ 172	\$ 326	\$ 225,451	\$ 428,616	\$ 203,165
Education	1,647	\$ 172	\$ 403	\$ 282,586	\$ 664,064	\$ 381,479
Engineering	384	\$ 620	\$ 453	\$ 238,162	\$ 173,893	\$ (64,269)
English	4,831	\$ 88	\$ 326	\$ 424,203	\$ 1,576,918	\$ 1,152,715
Foreign Languages	4,619	\$ 172	\$ 359	\$ 792,510	\$ 1,660,055	\$ 867,545
Health Professions	2,281	\$ 281	\$ 368	\$ 641,008	\$ 839,005	\$ 197,997
History	1,484	\$ 88	\$ 312	\$ 130,308	\$ 463,370	\$ 333,062
Interdisciplinary Studies	820	\$ 172	\$ 374	\$ 140,692	\$ 306,659	\$ 165,967
Liberal Arts	13,144	\$ 172	\$ 242	\$ 2,255,196	\$ 3,176,223	\$ 921,027
Mathematics	4,895	\$ 88	\$ 282	\$ 429,823	\$ 1,382,059	\$ 952,236
Natural Resources	2,883	\$ 281	\$ 366	\$ 810,182	\$ 1,055,926	\$ 245,743
Parks & Recreation	59	\$ 172	\$ 263	\$ 10,123	\$ 15,526	\$ 5,403
Philosophy	1,181	\$ 88	\$ 458	\$ 103,702	\$ 540,819	\$ 437,118
Physical Sciences	5,487	\$ 281	\$ 382	\$ 1,541,960	\$ 2,095,997	\$ 554,037
Psychology	5,131	\$ 88	\$ 292	\$ 450,545	\$ 1,495,974	\$ 1,045,429
Social Sciences	6,479	\$ 88	\$ 353	\$ 568,911	\$ 2,285,025	\$ 1,716,114
Visual & Performing Arts	10,529	\$ 281	\$ 450	\$ 2,958,866	\$ 4,739,495	\$ 1,780,629
TOTAL	78,176			\$ 14,312,522	\$ 26,555,895	\$ 12,243,372



Key Enrollment & Shortfall Points

Enrollment alone won't provide the net revenue to close the shortfall

Enrollment up to 4,000 students will yield roughly \$5M towards a \$24M shortfall

UNCA's "Skin In The Game – 2018 - 2022" Revitalization Underway

Enrollment turnaround 18-21 begun, 27% increase in applications, and 30% increase in selectivity

Student retention investments will yield improvements

79% of UNCA degrees in FY21 were in the basic sciences, engineering, and social science

Replacing 7 key senior staff positions - Advancement, Enrollment, HR, Government Relations, Student Affairs, Comm. and Marketing and Academic Affairs

Launched Comprehensive Fundraising Campaign - Raised over \$38M in 40 months as of 6/30/22 (\$100M Goal)

In January 2022, UNCA received the largest state allocation in our history: \$3M one-time - The Asheville Trust for Student Debt Reduction / \$2M recurring - Talent Scholarship / \$5M recurring - Enrollment, Market Position, Student Retention, and Student Success Initiatives

Implemented budget discipline FY19 through FY22 - through currently 115 staff vacancies, saving \$6.8M

Completed Campus Master Plan and achieved Millennial Campus designation through the Board of Governors

State Partnership in UNCA's Revitalization

- State support of \$3M one time money launching a UNCA student debt reduction effort, known as the UNC Asheville Trust (to be matched by private philanthropy)
- Support a new talent scholarship for 10% of our students (400 out of 4,000) that strengthens market demand from our rural, first-generation and underrepresented students (\$2 million/year recurring)
- Support a recurring plan for salary adjustments and stabilization to reduce employee turnover given Asheville's high cost-of-living (\$3 million/year recurring)
- Advocate for UNC Asheville's special state funding designation (\$10 million/year)
- Legislative support to renovate 3 key academic facilities and to build a new health sciences center (funding TBD)

	Year # Fiscal Year	1 2022	2 2023	3 2024	4 2025	5 2026	6 2027	7 2028
UNC Asheville Trust (student debt reduction)		\$ 3,000,000						
Annual Talent Scholarship		\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Salary Stabilization Plan		\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
UNC Asheville Special Funding Designation		\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Increase fiscal strength and capacity		\$ 18,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000

State Partnership in UNCA's Revitalization

- State support of \$3M one time money launching a UNCA student debt reduction effort, known as the UNC Asheville Trust (to be matched by private philanthropy) *funded current biennium*
- Support a new talent scholarship for 10% of our students (400 out of 4,000) that strengthens market demand from our rural, first-generation and underrepresented students (\$2 million/year recurring) *funded current biennium*
- Support a recurring plan for salary adjustments and stabilization to reduce employee turnover given Asheville's high cost-of-living (\$3 million/year recurring) *high priority*
- Advocate for UNC Asheville's special state funding designation (\$5 million/*recurring*)
- Capital funding to renovate three key academic facilities and to build a new health sciences center *funding to be determined*

	Year # Fiscal Year	1 2022	2 2023	3 2024	4 2025	5 2026	6 2027	7 2028
Salary Stabilization Plan		\$ 0	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
UNC Asheville Special Funding Designation		\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Increase fiscal strength and capacity		\$ 5,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000