



Finance and Administration Committee  
March 22, 2022  
8:30 am

---

## **Information Item**

FAC-5      All Funds Budget Overview

## **Background Information**

In September 2021 the Board of Governors (BOG) directed all UNC System campuses to develop a comprehensive, all-funds budget for FY 2023 and annually thereafter. The primary revenues supporting System schools have been state appropriations and low tuition rates. Both are considered state General Fund revenues and are governed by strong regulations for budgeting. However, campus operations are also supported by various other fund sources comprised of revenues from auxiliary enterprises, federal grants and contracts, donor funds, and student fees. These funds, called “Institutional Trust Funds,” have not been subject to the same formal budgeting requirements as appropriations and tuition.

Over time, the Institutional Trust Funds have grown and now comprise half of System revenues. The System maintains that operating under these circumstances without a formal budgeting process is an enterprise risk that needs to be addressed. As such, the BOG determined that a comprehensive, all-funds budget is needed “to provide the necessary structural foundation for the execution of the University’s strategic plan and to ensure the delivery of the System’s mission in a financially sustainable manner.”

The System has been working with the campuses to develop a common budget template and standard budgeting conventions for the new all-funds budget requirement. Vice Chancellor Bob Shea will provide an overview of the process and a recent UNC System All-Funds Budget Campus Level Cabinet Update (see slides attached below).

A handwritten signature in black ink that reads "Robert J. Shea, Jr." in a cursive style.

Robert J. Shea, Jr.  
Vice Chancellor for Finance and Administration



# **UNC System All-Funds Budget *Campus Level Cabinet Update***

# *All-Funds Budget – Introduction*

---

## Objectives:

- What is the All-Funds Budget process?
- Why develop an All-Funds Budget?
- Why is this important?
- What makes this approach different?
- Who developed this framework?

# ***What is the All-Funds Budget?***

---

- An initiative by the UNC System to **encourage best practices** in budgeting across the System by requiring **increased transparency** for fund types that have historically not been part of the Board of Governors' annual review.

# ***What is the All-Funds Budget?***

---

- Forward-looking plan of all expected revenues and expenses
- Generally, cash-based and includes inter-departmental transactional activity
- Increased focus on unrestricted fund sources and related uses
- Accommodates strategic planning and provides transparency in allocation decisions

# ***Why Develop an All-Funds Budget?***

---

- Better align resources with strategic priorities
- Promote stewardship and financial sustainability
- Better understand the impact of discrete decisions on the broader financial picture
- Improve transparency and campus engagement
- Strengthen the fiduciary responsibility of the Boards of Trustees

**G.S. 116-1(b) – “...In the fulfillment of this mission, the university shall seek an efficient use of available resources to ensure the highest quality in its service to the citizens of the State.”**

# *Why is this important?*

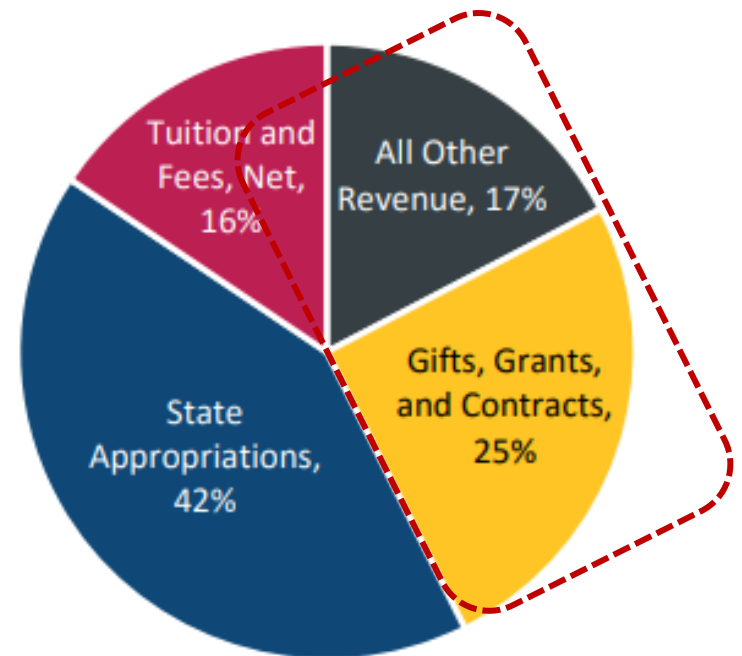
---

- Budgeting is a common **best practice** that supports **strategic resource allocation** in support of institutional strategic priorities.
- The fact that the UNC System does not operate with a formal-budgeting process is an **enterprise risk** that can and should be addressed.
- The process will help ensure that the delivery of each university's key strategies and initiatives are being funded in a **financially sustainable** manner.

# *Why is this important?*

---

Institutional Trust Funds in the General Statutes, are comprised of revenues from auxiliary enterprises, federal grants and contracts, donor funds, and student fees. Over time, these **Institutional Trust Funds** have grown and now comprise half of UNC System revenues.



*Medium-Sized Universities*



# What makes this approach different?

---

By requiring a more **robust review of all institutional resources**, this process will provide a structural foundation for the execution of the System's strategic plan and the strategic plan of each constituent institution.

Funding Sources	Visibility	
	Previous Budget Development Processes	All-Funds Budget
Appropriations	YES	YES
Tuition	YES	YES
Fees	LIMITED	YES
Housing	---	YES
Dining	---	YES
Bookstores	---	YES
Parking & Transportation	---	YES
Athletics	---	YES
Contracts & Grants	---	YES
Other Trusts Funds	---	YES
Key Organization Units	---	YES

# *What makes this approach different?*

---

- Each institution's submission should include narrative that demonstrates the budget's alignment with strategy.
  - Campus Strategic Plan **and** UNC System Strategic Priorities
- There is a newly required template that brings all funds into a single view and provides specific insight into the key organizational units.
- Part of the institution's submission will include an "process checklist" that attests to an appropriate level of stakeholder input.

# *Who developed this framework?*

---

- The All-Funds Budget Framework was developed by a Working Group that included System Office staff and representatives from 10 institutions.
- Campus representation included six campus CFOs and four Budget Officers.
- The group met regularly between December 2020 and September 2021.

# ***Next Steps***

---

- Specific guidance will be communicated by the UNC System Office via formal memo(s) in the Fall of 2021.
- Finance and Administration will interpret the guidance and reshape internal processes and calendars accordingly.

THANK YOU

CONNECT



[www.northcarolina.edu](http://www.northcarolina.edu)



[uncsystem](https://www.facebook.com/uncsystem)



[@UNC\\_system](https://twitter.com/UNC_system)



[@UNC\\_system](https://www.instagram.com/UNC_system)