



July 16, 2024
Special Called Meeting
12:30 pm

DRAFT MINUTES

Members Present: George Hoyle, Chair; Mae Douglas, Vice Chair; Linda Sloan, Secretary; Anita Bachmann, David Brown; Oita Coleman; Dale Phipps, Dean Priddy, Tim Rice, Tim Sessoms

Members Absent with Notice: Margaret Benjamin; Ernest Grant

Others Present: Chancellor Frank Gilliam; Alan Boyette; Interim Provost and Executive Vice Chancellor; Bob Shea, Vice Chancellor for Finance & Administration; Jerry Blakemore, Vice Chancellor for Institutional Integrity and General Counsel; Tina McEntire; Vice Chancellor for Enrollment Management; Cathy Akens, Vice Chancellor for Student Affairs; Donna Heath, Vice Chancellor for Information Technology Services; Sherine Obare, Vice Chancellor for Research and Engagement; Waiyi Tse, Chief of Staff; Scott Milman, Associate Vice Chancellor for Finance; Kristen Bonatz, Deputy General Counsel; Kelly Harris, Assistant Secretary to the Board of Trustees; James Lyons, Technology Support Analyst; and other members of staff and general public.

Chair Hoyle called the meeting to order at 12:30 pm and read the conflict-of-interest statement; none were identified.

Roll Call was read, and a quorum was confirmed.

Open Session

Action Items

BOT-1 Consent Agenda

- 1.1 Approval of Minutes – May 21, 2024
- 1.2 Election of Officers for 2024-2025

Chair Hoyle reviewed the items on the consent agenda; all were included in the trustees' pre-meeting materials. There being no questions or requests to discuss either item individually, Hoyle invited a motion to approve. Trustee Coleman made the motion; Vice Chair Douglas seconded. The motion carried unanimously.

Discussion Item:

BOT-2 Enrollment and Budget Update

Vice Chancellors McEntire and Shea presented an update on the status of enrollment and related budget implications.

To frame the conversation, Vice Chancellor Shea reported that fiscal planning for FY25 addressed budgetary issues with a 1.99% budget cut that was strategic across units, as opposed to uniform. As we move forward, our broad planning figure will be that every 1% decline in enrollment is the equivalent of a \$4M reduction in state appropriations, tuition, and fees.

Vice Chancellor McEntire reported that enrollment projections for last fall were calculated before the Department of Education's FAFSA issues. Our Fall 2023 freshmen class was up 11.3%, transfers were up almost 9%, and we also increased our former student class. However, the drag from enrolling smaller cohorts in previous years was a factor, primarily from decreased Fall 2022 enrollment, which will continue to impact our numbers for four to five years.

Before the FAFSA issues, our undergraduate applications were up 8% so we were on track to meet or even exceed our freshman class goal. As a result of the FAFSA issues, we have revised previous projections. As of July 2024, McEntire is projecting 2,410 in new, first time (freshmen) enrollment, but suspects we may come in under 2,400 given housing cancellations. Transfer enrollment numbers should come close to or even meet goal, and we should also come close to goal for readmits. Continuing undergraduate enrollment is currently 9,214, which exceeds the goal of 9,199, but there is potential for financial-aid related melt down the stretch due to FAFSA delays. Overall, we are projecting a decline of 248 students year over year in undergraduate enrollment, but we are on par to meet graduate enrollment projections.

For total enrollment, we are now projecting a decrease from 17,743 in fall 2023 to 17,480 for this fall – a difference of 263 students. That number includes 200 in freshmen head count, which is critical in that it will track for four or more years as those students progress, and also negatively impacts revenues from auxiliaries such as housing and dining.

An additional factor is that we will lose enrollment to our sister institutions. The first-tier flagships have and will offset enrollment and FAFSA decreases by admitting their waitlists. This causes our direct competitors, UNCC and ASU, to follow suit, which in turn directly impacts our enrollment. NC A&T adjusts by increasing the number of out-of-state students they take. At UNCG, we enroll every viable student, denying only those who do not meet the System's minimum course or admission requirements.

UNCG is part of a national organization that regularly holds webinars and training sessions on assisting students in completing FAFSAs and the Department of Education has provided funding to the states to assist in that effort. North Carolina has used that funding to hire high school guidance counselors. Two of those counselors have been assigned to UNCG and spend their time exclusively on direct outreach to students who haven't completed their FAFSAs as well as those who filed last year but have not yet done so this year. UNCG's financial aid team is also communicating with students to offer assistance, including scheduled one-on-one sessions.

While the enrollment cliff and the FAFSA debacle are significantly impactful, our biggest competitor is the rise in non-consumerism - students who are admitted but who ultimately choose not to enroll anywhere.

Despite these issues, UNCG is competitive. The pre-FAFSA increase in undergraduate applications is indicative of that and is the result of enrollment operations that have been implemented over the last four years. We will continue with those operations and our marketing efforts and will continue to tap every available resource to support our students.

Against that enrollment backdrop, Vice Chancellor Shea presented the budget outlook. Budget is certainly tied to enrollment, and every 1% decrease in student headcount equates to \$4M in lost revenue (appropriations, tuition, and fees).

However, enrollment is not the only driver. The State permits an annual carry forward of 2.5%, which is the equivalent of about \$5M per year, and we do have a surplus each year. That helps offset employee headcount, which at 65-68% is our biggest expense. Over the last five years, we have decreased employee head count from 2,846 to 2,468, which is about 13%., in relative alignment with the decrease of about 15% in student credit hour production over the same period. Due to that responsible decrease in the size of our organization, we have seen about \$37M in cost avoidance.

Another safeguard related to employee headcount is the dual approval process implemented several years ago, requiring that the CFO and Provost review every personal action request. In cases where they do not agree, the Chancellor makes the call. That process has given us the fiscal discipline to deal with budget cuts over the last few years.

Other drivers include increased financial aid necessitated by FAFSA, infrastructure needs, and the state budget, particularly when legislative salary increases are mandated but a budget isn't passed until after June 30, as is the case again this year. When that occurs, employees must be paid retroactively, and those who left in the interim must be put back on payroll to receive that retro pay. Although our state appropriation includes funding for the increases, the resulting cost in staff time is significant.

Deferred maintenance is also an annual expense and UNCG was underfunded in that regard for years. However, with the Chancellor's efforts, that has improved significantly over the last five years, bringing in funding for major projects such as Jackson Library and the chiller plant.

Given all these factors, we have used our reserves strategically, though sparingly. As a result, we have been able to hold our cuts to the 1.99% figure.

There is positive news for fall. At present, all of our 5,660 rooms will be full. This will have a positive impact on revenues from sales and services.

The meeting closed with conversation around post-APR messaging in the new year, which will be grounded in positivity as we continue to define our niche, develop the strategic plan, and fulfill our mission to our students and communities.

Adjourn

There being no further business, Chair Hoyle adjourned the meeting at 1:38 p.m.

Respectfully submitted,

Kelly Harris
Assistant Secretary to the Board of Trustees