

Appalachian State University — All Funds Budget Narrative FY 2022-2023

Appalachian State University has developed the All Funds Budget to advance UNC System strategic goals, as well as App State's strategic priorities. The UNC System strategic plan includes access, affordability and efficiency, student success, economic impact and community engagement, and excellent and diverse institutions. App State's budget includes funding for the following initiatives to address System/university goals and priorities:

App State Hickory Campus

In November 2021, App State purchased the former Corning Optical Communications building (225,800 square foot building on 15.7 acres) in Hickory to establish the new App State Hickory Campus. This campus will serve the Hickory/Lenoir/Morganton metro area population — previously the state's largest metropolitan area without a UNC System university. This campus provides additional growth capacity and market potential for App State's on-campus and online programs, and will increase critical educational opportunities in the Hickory metro area to equip the local workforce with the skills required to meet the current demands of employers. This initiative will also allow App State to achieve multiple system-wide strategic goals, including increased access to higher education and a state/local partnership that will improve local communities and benefit the state economically.

Lab Schools

App State is also partnering with Elkin City Schools to open the university's second laboratory school in August 2022 and will enhance student education and outcomes and provide high-quality teacher and principal training. Along with the Appalachian Academy at Middle Fork in Walkertown, our lab schools provide future teachers in the Reich College of Education with opportunities to apply their skills in the classroom. The local communities benefit from the App State partnerships, which strengthen learning, teaching and school leadership. In FY23, App State's lab schools will be funded primarily with federal, state and local funds; however, App State may be required to reallocate internal funding in order to cover projected expenses at both Middle Fork (related to leases) and Elkin (start-up costs such as information technology upgrades and new hires).

New Academic Programs

In Fall 2022, App State's first class of students will begin classes for the four-year BS in Veterinary Technology program. The online program will also provide on-site clinical training to prepare students for employment in the growing field of veterinary medicine and provide career advancement opportunities for those already working in that field. The program is developed through a partnership between App State and Banfield Pet Hospitals, which is the leading provider of veterinary care in the United States and has made a \$9 million commitment toward the development of the new degree program.

App State will begin a new online MS in Occupational Therapy in Fall 2024 to address the need for more occupational therapists in Western North Carolina and across the state. There are currently no public university OT programs available in Western NC, and the cost of pursuing the same degree at a private institution would leave most OT graduates in significant debt. Institutional funds are being used to hire faculty and address other program-related start-up costs.

App State Online Programs

App State is shifting the majority of undergraduate online programs away from a cohort-based model to a flexible model to better support students' academic needs. This flexible model allows more adult students and returning Mountaineers to complete bachelor's degrees, while also allowing the university to scale up high-demand online programs.

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The All Funds Budget will support the progress towards the institution's [2021-2022 Bridge Strategic Plan](#), which includes Campus Health, Safety and Well-being, Academic Excellence, Financial Resources, Business Operations and Diversity, Equity and Inclusion. App State's institutional financial plans are in alignment with these priorities.

Campus Health, Safety and Well-being

Additional enrollment growth and Campus Security Fee funding are being allocated to the following departments in 2021-22 which will be recurring in FY23: Police, Office of Disability Resources, Title IX Compliance, Environmental Health, Safety & Emergency Management and Facilities Operations.

Academic Excellence

The university prioritizes academic excellence and is committed to enhancing the student learning experience and providing support for teaching, research and scholarly activities. Examples include:

- Increased investments in smart classrooms and IT resources needed for online/virtual learning using Ed & Tech Fee receipts and State appropriations
- 26 new faculty positions, funded with enrollment growth funding and tuition receipts;
- Four academic advising positions, funded with enrollment growth funding and tuition receipts;
- The second lab school in Elkin, which will provide real-world teaching opportunities for students.

Financial Resources

App State has actively pursued additional sources of funding to support its academic and student support priorities. Scholarship support from auxiliary operations has recently been increased. The university's Vet Tech program will initially be funded by a multimillion-dollar contribution from Banfield Pet Hospitals. App State's sustainability initiatives support resiliency and efficiencies in campus operations. In 2021-22, the university increased its renewable energy purchase portfolio from just under 2% to 18%, and expects a resulting cost savings of approximately \$500,000.

Diversity, Equity and Inclusion

Funding was allocated to the Chief Diversity Officer to support inclusive excellence, including faculty recruitment and retention initiatives, and associated administrative support. In addition, Enrollment Management was allocated additional funding in 2021-22 in order to hire an Assistant Director of Admissions for African American Student Recruitment.

Improved Efficiency

In Spring 2021, App State convened a Budget Savings Task Force to discuss and identify potential efficiencies and opportunities for streamlining operations. One resulting action was the decision to consolidate all compliance-related operations (e.g., General Counsel, Title IX, etc.) into the Division of Institutional Integrity. With regard to personnel levels, the UNC Workforce Analysis Summary data shows that App State's personnel numbers are less than those of comparable peer institutions within the UNC System.

Financial Sustainability & Enterprise Risks

App State has developed an auxiliary reserve policy and an Enterprise Risk Management department to develop strategies to protect and enhance the university's value. The university is also investing in cybersecurity-related initiatives. Additional initiatives include: the purchase of software to assist in managing the university's debt and lease portfolio, and a recent contract to develop a capital financial planning model for the App State's auxiliary units, which will provide data, ratios and other metrics needed to assist in the decision-making process regarding future debt issuances.