

USER MANUAL

Enrollment Change Funding Model



March 2026

THE UNIVERSITY OF NORTH CAROLINA
Enrollment Change Funding Model

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Chapter 1: Overview of Funding Model Purpose and Process

The Enrollment Change Funding Model (referred to as the “Funding Model” throughout this document) is an incremental model that provides a clearly defined state subsidy (in General Fund appropriations) for the yearly change in resident student credit hours (SCH) at UNC System institutions. The model provides funding based on the average cost of instruction using national instructional cost data and North Carolina System-specific overhead cost data.

The subsequent sections of this manual include the complete information necessary to calculate the incremental subsidy, including determining the fundable status of student credit hours and applying the cost methodology.

The Funding Model in Context

Per G.S. 116-11(9), the University of North Carolina Board of Governors is required to present to the Governor and the North Carolina General Assembly a single, unified recommended budget for all the constituent institutions of the UNC System. This recommended budget must consist of three general categories:

- funds for the continuing operation of each constituent institution (the “base budget”);
- salary increases for employees exempt from the North Carolina Human Resources Act; and
- funds requested without reference to constituent institutions, itemized as to priority and covering such areas as new programs and activities, expansions of programs and activities, increases in enrollments, increases to accommodate internal shifts and categories of people served, capital improvements, improvements in levels of operation and increases to remedy deficiencies, as well as other areas (“expansion budget requests”).

Providing the baseline for the biennial budget process, the base budget is the current year’s authorized budget with certain adjustments authorized in G.S. 143C-1-1(d)(1c).

Salary adjustments for faculty and other people exempt from the North Carolina Human Resources Act are requested separately by the Board of Governors based on cost factors unique to these types of employees.

The expansion budget priorities typically include a variety of needs aligned with the Board of Governors’ strategic priorities. The enrollment change model provides the basis for determining the change in General Fund appropriations related to year-over-year enrollment. This request serves as the cornerstone of the System’s expansion budget agenda.

Purpose of the Funding Model

The model generates incremental funding for general operations of the UNC System’s 17 constituent institutions. Budget requirements for certain activities continue to be based on

individual programmatic justification and are thus off model. These include:

- organized research;
- public service;
- self-funded activities; and
- the physical plant.

Model Components

The revised formula for calculating the appropriations request for enrollment change contains two basic components:

- instructional costs; and
- overhead costs (the System average expenditure per credit hour for institutional support, academic support, and student services).

Calculation Summary

The Funding Model uses a two-step process to calculate the incremental appropriation for an institution. The model calculates the change in student credit hours by discipline and then multiplies these totals by appropriation per credit hour for each discipline.

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

Applicability of the Funding Model

The model is utilized only to request and allocate funds **to the institution**; it is **not** intended to prescribe the allocation of these funds within the institution's administrative structure.

Chapter 2: Model Changes Implemented Since 2022

The Student Credit Hour (SCH) Funding Model for Enrollment Change was originally developed as a mechanism to fund requirements based on **enrollment change**. The UNC Board of Governors adopted the SCH model on March 13, 1998. During its 1998 session, the General Assembly appropriated the 1998-99 budget for the System based on the provisions of the new UNC System Comprehensive Funding Model, one component of which was the SCH Enrollment Change Funding Model.

The Funding Model underwent significant revisions since 2022, as the Board sought to better align state appropriations with policy goals. Per G.S. 116C-10, “the State shall make significant efforts to increase access to learning and improve the education of more North Carolinians so that, by the year 2030, 2,000,000 residents between the ages of 25 and 44 will have completed a high-quality credential or postsecondary degree.” To this end, the Board revised the model to focus on its priority to graduate more North Carolina undergraduates on time and with less debt.

This section documents the changes, which include revisions to how the subsidy per SCH is calculated and adjustments to which student credit hours are included. These changes included the following:

As of 2024

- SCH totals were performance-weighted for enrollment funding purposes in 2022 and 2023. As of 2024, SCH are no longer performance weighted. Performance funding for the UNC System may persist but will likely be repackaged as a stand-alone funding mechanism. If/when performance funding is approved, documentation will be made available under separate cover.

As of 2022

- SCH factored into the calculation are only those from North Carolina resident students and specific nonresident groups considered residents for tuition purposes (e.g., nonresident veterans, active military, and military dependents residing in NC). In prior versions of the model, nonresident student SCH were included in the calculation.
- In-person classes during summer terms are funded at the regular term rate (only summer distance education was previously funded).
- Instructional costs for disciplines are reflective of three-year averages of benchmarked instructional costs by Classification of Instructional Programs (CIP) code and the respective institution’s 2021 Carnegie Classification.¹
- Only STEM disciplines, as defined by the Department of Homeland Security, and in alignment with the provisions put forth in the UNC System Strategic Plan, receive

¹ 2025 Carnegie reclassification will be addressed in a future version of this document.

additional funding at the master's and doctoral levels. **See Exhibit 5-1.**

- Overhead, once calculated at the individual campus level, is the average of UNC System institutions. **See Chapter 6.**
- The law schools at the University of North Carolina at Chapel Hill and North Carolina Central University moved from the full-time equivalent (FTE) student model to the SCH funding model.
- Tuition received by institutions is no longer factored into the funding formula.

The resulting formula is based upon the change in resident credit hour production as classified by Classification of Instructional Programs (CIP) code into a funding matrix comprised of 38 areas of instruction and, for STEM fields, three levels of instruction. The costs associated with each CIP code were based upon the cost to deliver programs in these respective disciplines/levels as benchmarked by the Delaware Cost Study — an annual survey of faculty teaching loads, direct institutional costs, and separately budgeted scholarly activity.

The three levels of instruction are undergraduate, master's, and doctoral. Cost differentials by level of instruction are reserved for STEM fields only. Non-STEM fields have a single rate across all levels of instruction.

When differentiating by level for STEM fields, instructional level assignments for student credit hours are based on the level of course instruction rather than the degree level of students receiving it— the former bearing a more direct relationship to cost factors than the latter. Master's level SCH in STEM fields have the bachelor's level instructional costs multiplied by 1.5x the undergraduate rate and doctoral level STEM costs are multiplied by 2.5x to align with the prioritization of degree production in these fields as documented in the UNC System Strategic Plan.

Starting in 2024, a rate of \$211 per SCH in overhead is added to each hourly SCH rate to account for institutional, academic, and student support. The sum of the hourly SCH rate and overhead is multiplied by .8, yielding the appropriated cost per SCH. The overhead calculation is presented in **Chapter 6.**

Future adjustments to the factors in the SCH funding model will be reviewed by University of North Carolina System Office staff and considered on a periodic basis prior to any recommendations made to the UNC Board of Governors.

Chapter 3: Model Timing and Inputs

Timing of Enrollment Allocation Data Collection, Calculation, and Approval

The enrollment subsidy is calculated based on the incremental change in student credit hours (SCHs) from one calendar year to the next. Funding is received during the fiscal year that immediately follows the period of change. For example, the funding for FY 2023-24 is determined by the incremental change in SCHs from Calendar Year 2021 (spring, summer, fall) to Calendar Year 2022. Actual SCHs are aggregated at the institution/CIP level using fall and spring end-of-term data and summer term(s) post-grades data. UNC System institutions are sent an early draft of their projected allocation by the System Office in October using fall census data as a placeholder. Once fall end of term closes (generally in mid-to-late December), a final version of the enrollment allocation estimate is sent for campus review and confirmation. This version is then submitted to the UNC Board of Governors for approval. **Exhibit 3-1** provides a schematic overview of the SCH enrollment change formula.

Partial Credit

In certain situations, partial credit hours for course work (0.5 SCH, 0.1 SCH, etc.) are considered appropriate. In reporting actual SCHs, campuses may award and record SCHs in increments of 0.1 SCH. However, SCHs in the funding model will be rounded at the level of the campus total for each cell. As a result, incremental changes in SCHs and corresponding funding requests are made based upon whole numbers.

Funding New Academic Programs

As new academic programs are approved and implemented at the campuses, the Funding Model will provide incremental funding only as the enrollments materialize. Any start-up costs of the new academic program must be funded through internal reallocation or as a line-item request for a new program in the expansion budget.

Process for Funding Institutions/Activities not Using Incremental SCH Change

The North Carolina School of the Arts (UNCSA) and the North Carolina School of Science and Mathematics (NCSSM) are excluded from the standard Funding Model as described above because of their unique nature and lack of viable peers within the Delaware Cost Study data.

The University of North Carolina School of the Arts uses the SCH to FTE measures of enrollment change and the pre-1998-99 FTE funding model. High school students are measured as headcounts (1 HC = 1 FTE for funding purposes) for the spring and fall terms. Undergraduates are considered full time at 12 SCH/semester. For example, an undergraduate enrolled in three SCH counts as .25 FTE. A similar calculation is made for graduate students with a base of nine SCH/semester considered full-time enrollment. New to the 2024 UNCSA calculation is the inclusion of funding for undergraduate and graduate summer enrollment. To annualize FTE counts for undergraduate and graduate students, fall, spring, and summer enrollments within the calendar year are added and then divided by 2.

Any yearly percentage increase or decrease in FTE enrollment growth for UNCSA is multiplied by its prior year base budget to calculate requirements (the estimated costs of incremental enrollment change). Any change in tuition receipts is then added or subtracted, depending on whether enrollment increased or decreased, to or from the requirements to yield the total appropriation.

Tuition receipts are capped at 12 SCH per FTE per undergraduate semester and nine SCH per graduate semester.

NCSSM, a two-year public residential high school, is also funded as part of the Systemwide allocation. Because enrollment is relatively fixed, the yearly incremental funding calculation is based upon growth in NCSSM online programs in fall and spring terms, with the percentage increase or decrease in enrollment multiplied by the prior year's base budget for this program.

Formerly on the FTE model, programs in medicine (East Carolina University and UNC-Chapel Hill), dentistry (ECU and UNC-Chapel Hill), pharmacy (UNC-Chapel Hill), and veterinary medicine (NC State University) have been moved off model as of FY 2023-24. These programs have, historically, little to no enrollment change on a yearly basis and will receive future funding increases through legislative requests.

Exhibit 3-1: Enrollment Funding Model Example

Course CIP Code	\$ per SCH			UNC_ABC													
				2021 SCH			2022 SCH			SCH Δ			Appropriation				
	100%	150%	250%	Standard	STEM M	STEM Doc.	Standard	STEM M	STEM Doc.	Standard	STEM M	STEM Doc.	Standard	STEM M	STEM Doc.	Total	
1 AGRICULTURE				1,000	-	-	-	-	-	-	(1,000)	-	-	-	-	-	\$ -
3 NATURAL RESOURCES	\$ 331	\$ 497	\$ 828	1,000	-	-	-	-	-	-	(1,000)	-	-	(331,000)	-	-	\$ (331,000)
4 ARCHITECTURE				500	-	-	-	-	-	-	(500)	-	-	-	-	-	\$ -
5 CULTURAL & GENDER STUDIES	\$ 413			300	-	-	-	-	-	-	(300)	-	-	(123,900)	-	-	\$ (123,900)
9 COMMUNICATION	\$ 292			3,000	-	-	-	-	-	-	(3,000)	-	-	(876,000)	-	-	\$ (876,000)
10 COMMUNICATION TECHNOLOGY	\$ 351			-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
11 COMPUTER SCIENCE	\$ 374	\$ 561	\$ 935	2,000	300	500	2,200	250	550	200	(50)	50	74,800	(28,050)	46,750	\$ 93,500	
13 EDUCATION	\$ 394			5,000	3,000	2,000	5,100	2,800	1,900	100	(200)	(100)	39,400	-	-	\$ 39,400	
14 ENGINEERING	\$ 504	\$ 756	\$ 1,260	2,000	1,000	1,000	2,100	1,100	800	100	100	(200)	50,400	75,600	(252,000)	\$ (126,000)	
15 ENGINEERING TECHNOLOGY	\$ 345	\$ 518	\$ 863	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
16 FOREIGN LANGUAGES	\$ 341			1,000	500	-	950	550	-	(50)	50	-	(17,050)	-	-	\$ (17,050)	
19 CONSUMER SCIENCES				-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
22 LEGAL PROFESSIONS	\$ 308			-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
23 ENGLISH	\$ 293			6,000	3,000	-	6,200	3,100	-	200	100	-	58,600	-	-	\$ 58,600	
24 LIBERAL ARTS	\$ 305			-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
25 LIBRARY SCIENCE				-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
26 BIOLOGY	\$ 318	\$ 477	\$ 795	8,000	4,000	1,000	8,200	4,300	1,200	200	300	200	63,600	143,100	159,000	\$ 365,700	
27 MATHEMATICS	\$ 266	\$ 399	\$ 665	5,000	2,000	500	5,300	2,100	600	300	100	100	79,800	39,900	66,500	\$ 186,200	
28 MILITARY SCIENCE				-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
29 MILITARY TECHNOLOGY	\$ 305	\$ 458	\$ 763	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
30 INTERDISCIPLINARY STUDIES	\$ 318			1,000	500	-	1,100	550	-	100	50	-	31,800	-	-	\$ 31,800	
31 PARKS & RECREATION	\$ 276			-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
32 BASIC SKILLS				-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
36 RECREATIONAL ACTIVITIES	\$ 276			-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
37 PERSONAL AWARENESS				-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
38 PHILOSOPHY	\$ 270			500	-	-	550	-	-	50	-	-	13,500	-	-	\$ 13,500	
40 PHYSICAL SCIENCES	\$ 312	\$ 468	\$ 780	2,000	1,000	500	2,200	1,100	550	200	100	50	62,400	46,800	39,000	\$ 148,200	
42 PSYCHOLOGY	\$ 273			5,000	2,000	-	5,100	2,200	-	100	200	-	27,300	-	-	\$ 27,300	
43 LAW ENFORCEMENT	\$ 264			-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
44 PUBLIC ADMINISTRATION	\$ 344			1,000	500	-	1,000	550	-	-	50	-	-	-	-	-	\$ -
45 SOCIAL SCIENCES	\$ 295			3,000	1,500	500	2,900	1,400	550	(100)	(100)	50	(29,500)	-	-	\$ (29,500)	
49 TRANSPORTATION				-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
50 VISUAL & PERFORMING ARTS	\$ 383			2,000	1,000	-	2,200	1,100	-	200	100	-	76,600	-	-	\$ 76,600	
51 HEALTH PROFESSIONS	\$ 408	\$ 612	\$ 1,020	6,000	4,500	2,000	6,200	4,800	2,100	200	300	100	81,600	183,600	102,000	\$ 367,200	
51.38 NURSING	\$ 674	\$ 1,011	\$ 1,686	4,000	1,500	-	4,200	1,550	-	200	50	-	134,860	50,572	-	\$ 185,432	
52 BUSINESS	\$ 339			8,000	2,000	-	8,200	2,100	-	200	100	-	67,800	-	-	\$ 67,800	
54 HISTORY	\$ 278			1,000	500	-	1,000	550	-	-	50	-	-	-	-	-	\$ -
90 Standard				-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
TOTAL				68,300	28,800	8,000	64,700	30,100	8,250	(3,600)	1,300	250	\$ (514,990)	\$ 511,522	\$ 161,250	\$ 157,782	

Chapter 4: Student Credit Hours Eligible for Funding

Student credit hours are fundable under the Funding Model if they are derived from degree-creditable instruction, except in certain circumstances; SCHs are non-fundable under the model if they have tuition set to cover the full cost of instruction, or for which most of the SCHs represent non-credit instruction. Please refer to the Student Data Mart dictionary and associated documentation issued by the UNC System Enterprise Data Office or **Appendix B** of this document for more information.

General Criteria for Fundability under the SCH Model

- Degree-creditable instruction OR remedial instruction offered by a UNC System institution to students considered North Carolina residents or residents for tuition purposes
- Delivered to NC resident students within or outside the state

Fundable SCHs (delivered by UNC System institutions to NC resident students unless otherwise noted)

- Regular term degree credit instruction delivered on campus or at off-campus resident credit centers
- Remedial instruction
- Thesis or dissertation-only hours
- Repeated courses
- Degree credit instruction offered through inter-institutional consortia
- Degree credit instruction offered via electronic delivery
- Degree credit instruction for active-duty members of the armed services while the member is abiding in NC incident to active-duty military duty in NC (see GS 116-143.3A regarding the charging of tuition to these students)
- Degree credit instruction delivered on- or off-campus to cohabiting dependents of active-duty military personnel
- Degree credit instruction for nonresident student athletes receiving full scholarships
- Instruction delivered in nursing, allied health, and public health
- Instruction delivered to students enrolled in NC State University's Agricultural Institute
- Instruction delivered to students claiming the nonresident graduate assistance tuition waiver
- Instruction generated via balanced one-to-one foreign exchange programs in which the foreign student attends a UNC System institution and pays tuition to the foreign institution
- Certain study abroad program SCHs
- Instruction to university employees where employee tuition waiver is NOT claimed

- Credit hours for students enrolled in a Comprehensive Transition Program²

Non-Fundable SCHs

- Instruction to nonresident students paying nonresident tuition rates
- Not-for-credit coursework
- Instruction in executive degree programs/courses (and similar) with costs covered fully by tuition
- Certain instruction offered below the baccalaureate level
- Instruction to students auditing courses
- Instruction for zero-credit hours
- Instruction generating continuing education units (CEU's)
- Instruction to university employees where an employee tuition waiver is claimed
- Transfer credit
- Credit by examination
- Advanced Placement credit
- International Baccalaureate credit
- College Level Entrance Placement credit
- College credit instruction delivered to high school students (at high school by high school teachers)
- Instruction delivered by the UNCSA*
- Instruction delivered as part of [Project Kitty Hawk](#) (off model)
- Instruction delivered in the following professional programs: medicine, veterinary medicine, dentistry, and pharmacy (off model)
- Instruction that is funded via other state appropriations
- Instruction via the UNC-Chapel Hill Independent and Self-Paced Studies program (correspondence**)
- Instruction that is funded via a contractual agreement
- Instruction delivered via certain study abroad programs (see **Appendix A** definition)

**UNCSA is funded on the FTE model for enrollment change.*

*** In recent history, only applied only to certain courses offered by UNC-Chapel Hill.*

² For the purposes of allocating enrollment funding to constituent institutions of The University of North Carolina, beginning with the 2021-22 fiscal year, the Board of Governors shall allocate funds each fiscal year to constituent institutions on the same basis as full-time students enrolled in a curriculum program for up to 100 resident full-time students enrolled in either a four-semester or eight-semester certificate accomplishment program approved by the United States Department of Education as a Comprehensive Transition Program (CTP) pursuant to the Higher Education Opportunity Act of 2008, 20 U.S.C. §§ 1140f–1140i. If more than 100 combined resident full-time equivalent students are enrolled in CTPs at constituent institutions in any academic year, the Board of Governors shall allocate funds to each eligible constituent institution on a pro rata basis.

Chapter 5: Instructional Areas and Levels

Instructional Areas

The Funding Model groups instruction into 38 instructional areas based on the relative cost of instruction at the discipline level. The disciplines (represented as classification of instructional programs or CIP codes developed by the U.S. Department of Education) and offered by UNC System institutions are differentiated as “STEM” and “non-STEM” fields, which aligns with the priorities of the [UNC System Strategic Plan](#).³

Exhibit 5-1: Areas of Instruction for State-Funded SCHs

Non-STEM	
CIP	Description
04	ARCHITECTURE
05	CULTURAL & GENDER STUDIES
09	COMMUNICATION
10	COMMUNICATIONS TECHNOLOGY
13	EDUCATION
16	FOREIGN LANGUAGES
19	CONSUMER SCIENCES
22	LEGAL PROFESSIONS
23	ENGLISH
24	LIBERAL ARTS
25	LIBRARY SCIENCE
28	MILITARY SCIENCE
30	INTERDISCIPLINARY STUDIES
31	PARKS & RECREATION
32	BASIC SKILLS
36	RECREATIONAL ACTIVITIES
37	PERSONAL AWARENESS
38	PHILOSOPHY
42	PSYCHOLOGY
43	LAW ENFORCEMENT
44	PUBLIC ADMINISTRATION
45	SOCIAL SCIENCES
49	TRANSPORTATION
50	VISUAL & PERFORMING ARTS
52	BUSINESS
54	HISTORY

³ The Funding Model designation of STEM differs slightly from that of the Department of Education and the [Department of Homeland Security](#). The Funding Model determines STEM at the two-digit CIP level rather than the full six-digit CIP code.

CIP	Description
90	OTHER

STEM

CIP	Description
01	AGRICULTURE
03	NATURAL RESOURCES
11	COMPUTER SCIENCE
14	ENGINEERING
15	ENGINEERING TECHNOLOGY
26	BIOLOGY
27	MATHEMATICS
29	MILITARY TECHNOLOGY
40	PHYSICAL SCIENCES
*49	TRANSPORTATION
51	HEALTH PROFESSIONS
51.38	NURSING

The reference source for national cost data is the annual “National Study of Instructional Costs and Productivity by Academic Discipline,” at the University of Delaware (also known as the Delaware Cost Study). This report draws data from approximately 190 universities and colleges across the nation. All UNC System postsecondary institutions except UNCSA participate in the study. Every two years, the UNC System Office will review updated cost data and will recalibrate the disciplines into instructional areas where appropriate and/or as recommended by the Board of Governors. In December of 2024, the discontinuation of the Delaware Cost Study was announced. The 2022-24 three-year averages generated by Delaware will be used as the basis for the next funding model refresh. New methods of collecting cost data are under consideration as a replacement once Delaware’s completion of the 2024 cycle.

Instructional Levels

The Funding Model includes both instructional area and instructional level for STEM fields, thereby producing a matrix used for budgeting enrollment growth in these disciplines. The three instructional levels are:

- Undergraduate – SCHs produced in courses considered by the institution to be designed for students at the undergraduate level.
- Master’s – SCHs produced in courses considered by the institution to be designed for students at the beginning graduate level.
- Doctoral – SCHs produced in courses considered by the institution to be designed for

* The Aviation program (CIP 49.0101) at ECSU is STEM. Because there have been no graduate-level SCH produced in this discipline in the UNC System to date, it was excluded from the STEM list in the original version of this document as differential pricing by course level does not apply.

students at the doctoral level.

The level designation for funding purposes is based on the course level and not the student level. For example, a doctoral candidate enrolled in an undergraduate course generates undergraduate SCHs rather than doctoral SCHs for funding purposes. Likewise, an undergraduate student enrolled in a master's course generates master's level SCHs for funding purposes. The SCH enrollment change formula does not distinguish between undergraduate SCHs in upper or lower divisions.

Responsibility for Area/Level and Term Assignments

Institutions are responsible for accurately assigning the CIP code, instructional level, and term to each eligible course and SCH. This assignment should be based on the academic content of the course and should be made in accordance with campus curriculum governance. The System Office is available for consultation if needed. SCH assignments reported to the UNC System Office should match the assignment of SCHs reported to the Delaware Cost Study.

Courses and SCH are reported via the Student Data Mart (SDM). Additional detail can be found in [SDM documentation](#) maintained jointly by the SDM Data Stewards and the Enterprise Data Office at the UNC System Office. Care should be taken to assure accuracy and stability in data collection requirements and efforts.

The UNC System Office will periodically review SCHs reported by the institutions for accuracy, consistency within and across campuses, and fundability. Reviews will include consideration of the appropriateness of instructional area and level assignments as submitted by the campuses.

Additional Resources

An [updated list of disciplines and associated costs](#) can be accessed by UNC System employees. An SDM verification report, "Student Credit Hours – SCH by Funding CIP," is also available as a resource for point-in-time totals of credit hours grouped as they would be in the enrollment funding calculation.

Chapter 6: Overhead Costs

In prior versions of the enrollment funding model, overhead costs (student services, academic support including libraries, and institutional support) were calculated at the institutional level. The current model uses total FY General Fund expenditures on three categories (student services, academic support, and institutional support). These totals were summed Systemwide and divided by total completed student credit hours.

Exhibit 6-1: Overhead Cost Calculation

Cost Category	Total FY 2024 General Fund Expenditures	2024 Total Completed Student Credit Hours	Average Cost Per Credit Hour
Student Services	\$176,335,647		\$27.08
Academic Support (including Libraries)	\$492,942,228	6,512,661	\$75.69
Institutional Support	\$705,834,578		\$108.38
Total			\$211

The overhead rate will be recalculated as indicated above every two years, concordant with a refresh of data to reflect changing costs.

Appendix A: Definition of Terms



March 2026

The following terms and their general definitions as used in this document are offered here to encourage standardized use and mutual understanding. Items defined here appear as bold italics in the body of other definitions provided. Some of the terms included in the list below are also found in the SDM dictionary.

Actual SCHs – Those **student credit hours** requested in compliance with a given data collection effort. May or may not be fundable. See **Coding Instructions**.

Appropriations – The requested or received dollar amount of funding set aside by the General Assembly from the State’s General Fund.

Base Funding – Funding applicable to the level of total SCHs budgeted in a defined base or beginning year. Contrast with funding for Change SCHs.

Base SCHs –The number of budgeted student credit hours (**SCHs**) from which subsequent **SCH change** is measured.

Carnegie Classification - The Carnegie Classification of Institutions of Higher Education is a framework for categorizing all accredited, degree-granting institutions in the United States.⁵

Every three years, the Carnegie Foundation classifies every institution listed in the National Center for Education Statistics Integrated Postsecondary Education Data System (IPEDS). The institutions are classified by type, size, and focus for the purpose of the funding formula:

- Doctoral Universities – Very High Research Activity (R1)
- Doctoral Universities – High Research Activity (R2)
- Doctoral / Professional Universities (R3)
- Master’s Colleges & Universities – Larger Programs (M1)
- Master’s Colleges & Universities – Medium Programs (M2)
- Baccalaureate Colleges – Arts & Science Focus (B1)

Change SCHs – The number of SCHs represented by the difference between **base-budgeted SCHs** and Board-approved **actual SCHs from the following year**. These SCHs form the basis for the incremental change request for state appropriations.

CIP Codes – The two-digit Classification of Instructional Program codes that represent the institutionally identified discipline to which each course of instruction should be associated. Some disciplines are identified or separated via other criteria (such as nursing instruction), and others by default (such as health affairs residual via the removal of nursing and medicine, etc.). CIP codes are maintained by the National Center for Education Statistics.

Coding Instructions – Detailed instructions on how to identify certain situations in reporting SCHs.

⁵ See <https://carnegieclassifications.acenet.edu/> for further information on Carnegie Classifications.

May affect SCHs included in funding counts. See **Fundable SCHs**. See **Reported SCHs**.

Correspondence Study – Instruction delivered through the mail. As of 2023, this only applies to the Independent Studies division of UNC-Chapel Hill. Not included in the **SCH funding model**. Funded on a **cost-recovery** basis.

Customized Programs – Contracted or customized programs/courses approved by the UNC System Office for which tuition and other associated costs are designed to cover the full cost of the program/course. Funding is **receipt-based** and is not derived through appropriations using the SCH funding formula; **see funding methods**.

Customized Tuition – Tuition set by an institution (with System Office review) to cover the full cost of instruction. **SCHs** generated via the course are **non-fundable** via state appropriations.

Disciplines – See CIP Codes.

Distance Education – Instruction delivered or **SCHs** generated by for-credit off-campus instructional activity, regardless of the office or department offering the instruction and the method of delivery; does not include **correspondence study**. May occur during the regular term (fall and spring semesters) or the summer term.

Dollar/SCH Values – The amount or dollar value for a single **SCH** by CIP code. Varies by CIP/Carnegie Classification.

Fiscal Year Splits – The partitioning of **SCHs** into the fiscal year to which they appropriately belong as required by OSBM policy. **Regular term** SCH production, by definition, falls within the fiscal year when the instruction occurs. Summer school SCHs are assigned to the fiscal year in which the last class day occurs: first summer session instruction and SCHs typically belong to the fiscal year ending during the summer in question, and the second and long summer sessions' instruction and SCHs typically belong to the fiscal year beginning during the summer in question. A typical funding cycle will see the enrollment in fall/spring/summer terms of the prior calendar year compared to the same terms in the current year.

Formula-generated – Values generated via **SCHs** and other input into the **SCH model**. Commonly refers to fiscal requirements but may refer to any component of the formula.

FTE – Full Time Equivalent – A standardized representation that proportionately converts full-time and part-time academic loads to a full-time equivalent measure. Full time is represented as 1. Applicable to student enrollment load or faculty or staff positions. A full-time credit load is 12 SCH for undergraduates, nine SCH for graduate students. A student in excess of these totals would still count as 1.00 FTE.

FTE Model – see Funding Methods below.

Funding Methods for which the Program Receives State Appropriations:

SCH Model – The process by which **student credit hour** enrollment change is funded, or the set of mathematical calculations through which the funding request is determined. Commonly used in a broad sense but is applicable only to Change SCHs.

FTE Model – Programs and courses being funded via the pre-1998-99 Full Time Equivalent model (currently UNCSA and NCSSM).

Special Appropriations – No model or formula per se. Based on needs assessment and estimate of costs. May come from legislature or Board of Governors initiative or mandate.

Cost Recovery – State appropriation designed to cover the difference between costs and tuition.

Funding Methods for which the Program does not Receive State Appropriations:

Receipts-based – Programs or courses approved by the UNC System Office for which tuition is designed to cover the full cost of the program/course (also includes courses delivered as party of Project Kitty Hawk).

Legislative Request (Off Model) - Instruction delivered in the following professional programs: Medicine, Veterinary Medicine (NC State only), Dentistry, and Pharmacy.

Fundable SCHs – Those student credit hours for which it is deemed appropriate to request State appropriations via the **SCH model**. May be date specific. Other **SCHs** may be deemed fundable via other **funding methods**, and not all reported SCHs are fundable via appropriations. See **Chapter 4**. See **Appendix B**.

Inclusions/Exclusions – Terms used to distinguish between fundable and non-fundable **SCHs**. See **Chapter 3**; see **Appendix B**.

Instructional Areas – See CIP Codes. For the purposes of the funding model, disciplines are further categorized into STEM and Non-STEM fields (see Exhibit 5.1).

Instructional Levels – The broad levels at which instruction is funded for STEM fields only: undergraduate level; master's level; and doctoral level.

Non Formula – See Off formula.

Non-fundable SCHs – SCHs deemed ineligible for State funding via the **SCH model**.

Off-campus Instruction – Instruction which is received away from the main or auxiliary campus(es) based on factors other than the non-availability of on-campus space. NOTE: If the instruction is held off-campus purely for the convenience/preference of the instructor or students, but would otherwise have been held on campus, the instruction is considered on-campus instruction.

Off Formula or Off Model or Non-formula – Not funded via the **SCH model**. May or may not be funded via another method. May or may not be required to be reported or projected on data

collection documents.

Partial Credit – The fractional credit a student earns for satisfactorily completing a course, as in 1.5 SCHs. Cannot be less than 0.1 SCH.

Pilot site – Limited duration distance education degree programs authorized for selected UNC campuses and supported by special funding provided by the General Assembly. Their purpose is to explore distance education modes of delivery and to meet the needs of underserved North Carolina communities. Most pilot sites are community college campuses, although a few other locations were later added.

Receipts-based – See Funding Methods.

Regular Term On-Campus– The regular academic year comprises the fall and spring semesters; synonymous with instruction or **SCHs** delivered during this period (such as “regular term SCHs”). Does not include **distance education** instruction or SCHs or summer school SCHs.

Reported SCHs – See Actual SCH’s

Residency Classification – The determination that a given student is required to pay resident (in-state) or non-resident (out-of-state) tuition.

SCHs – Student Credit Hours – The semester hours credit a student attempts for satisfactorily completing a course; the sum of semester hours credit earned by a given student, or all students at a given institution. May or may not be fundable.

SCH Model or SCH Formula – See Funding Methods.

Special Appropriations – See Funding Methods.

Study Abroad - SCHs generated by students in study abroad programs (not one-to-one balanced exchanges) are fundable on the SCH model for UNC System students attending a foreign institution and paying UNC System tuition, as are SCHs generated by foreign students attending a UNC System institution and paying UNC System tuition. Similarly, UNC System students attending any other institution (UNC System, NC private, or in another state or foreign country) and paying that institution generate no fundable SCHs at the UNC System institution formerly attended (home institution). Such students are “transfers out” and their attendance at another institution is likely transparent and has no SCH funding implications to the home UNC System institution.

Summer Term – An instructional period occurring between May and August. May consist of multiple sessions: first, second, and long. **See Regular Term. See Distance Education. See Fiscal Year Splits.**

Supplemental State Appropriations – See Funding Methods.

Appendix B:

Factors Determining Funding Method & Tuition Charge

Purpose and Background

The University of North Carolina System Enrollment Funding Model uses student credit hours (SCH) to allocate a portion of funding to UNC System constituent institutions. The allocation method for enrollment funding changed effective with calendar year 2021. Updates to student data reporting were made effective calendar 2022.

UNC System constituent institutions supply data on students and credit hours through the Student Data Mart (SDM). This document explains the SDM elements that affect enrollment funding reporting.

Document Version History

Date	Version	SDM Release	Description
2016/09/19	1.0	4.0.3	Initial release
2018/09/26	1.1	5.3.0	Changed “Emergency Workers” from “not funded” to “funded”. Remove fund_code_student=O from the list of fund_code_student that makes the fundable_flag=N.
2020/02/12	1.2	6.0.0	Added MPH to the off-model programs that are not funded.
2022/10/21	1.3	6.5.0	Changed funding cost category to a 2-digit CIP Code, changed funding level to a STEM premium, made out-of-state students not fundable, made summer in-state fundable, adjusted FTE programs to SCH or off-model, made CPT students fundable.
2023/03/17	1.4	6.6.0	Changed CPT student audit hours to fundable, updated enrollment_funding_category to flag nursing hours, and created a section_special_funding_code to make outbound exchange students fundable.
2024/03/15	1.5	6.8.0	Changed derivation logic for fundable_flag to make Project Kitty Hawk students not fundable and changed enrollment_funding_model and enrollment_funding_model_code to “Off-model” for these students.

Contents

This document includes:

- A list and description of the derived funding related elements in the enrollment dataset.
- Tables of funding elements and their sources in data feeds and datasets.

List and Description of the Funding-Related Derived Elements in Enrollment Dataset

These elements represent the most recent changes in data elements effective for the 2022 calendar year. Complete definitions are in the [SDM dictionary](#).

Dataset element	Description
FUNDABLE_FLAG	Y or N – Whether or not the enrollment record is fundable, taking all factors into account.
SECTION_FUNDING_MODEL_CODE (and SECTION_FUNDING_MODEL)	The funding model that applies to the section, based on fund code, without regard to enrollment in the section or other factors – 1 – Enrollment Funded; 2 FTE Funded; 3 Not Funded; 4 Off Model.
SECTION_ENROLLMENT_FUNDING	No longer applicable to the funding model as of calendar year 2022; prior to calendar year 2022, indicated the 12-cell category; e.g. D1, U3...
SECTION_FUNDING_COST_CATEGORY	No longer applicable to the funding model as of calendar year 2022. In the new model, funding rates are based on course_cip_code.
FUND_TYPE_SECTION_SUMMER_NF	No longer applicable to the funding model as of calendar year 2022; prior to calendar year 2022, Y or N – flag indicating if the section is excluded from funding for this specific reason
FUND_TYPE_SECTION_IIS_NF	Y or N – flag indicating if the section is excluded from funding for this specific reason
FUND_TYPE_SECTION_OOS_NF	No longer applicable to the funding model as of calendar year 2022; prior to calendar year 2022, Y or N – flag indicating if the section is excluded from funding for this specific reason
STATE_EMPLOYEE_WAIVER_FLAG	Y or N - flag indicating if the course enrollment is paid with an employee waiver.
ENROLLMENT_FUNDING_MODEL_CODE (and ENROLLMENT_FUNDING_MODEL)	The code for the funding model that applies to the section and the enrollment in the section – 1 – Enrollment Funded; 2 FTE Funded; 3 Not Funded; 4 Off Model.
SECTION_FUNDING_LEVEL	The funding level that applies to the section; undergraduate, master's, doctoral. For most disciplines, master's and doctoral courses are funded at the same level as undergraduate SCH. STEM courses are funded at higher rates at the master's and doctoral levels.
ENROLLMENT_FUNDING_CATEGORY	An indicator of the funding category if the course enrollment may be funded at a non-standard rate. Examples: - Placeholder SCH in outbound exchange programs are funded at CIP 90. - STEM courses at the Master's and Doctoral level are funded at a premium. Nursing courses are funded at a premium.

Details of the key funding-related derived elements in enrollment dataset; derivations are effective as of spring 2022.

FUNDABLE_FLAG: A Boolean (Y or N) value indicating if the student enrollment in the course section meets criteria for funding within the UNC Enrollment Funding Model.

Any of these cases make the FUNDABLE_FLAG = N. Otherwise FUNDABLE_FLAG = Y.

From the datasets, which are joins of one or more data feeds and include descriptive names of dimension values:

All:

Excluded from IPEDS: If ENROLLMENT.EXCLUDE_FROM_IPEDS_ENRL_FLAG = Y unless CAREER_FUND_CODE = T or SECTION_SPECIAL_FUNDING_CODE = EXG

Sections Offered Content:

Service Placeholders: if SECTION_PLACEHOLDER_INDICATOR = 1

Correspondence course: If INSTRUCTIONAL_FORMAT_CODE = 01

Nonfundable programs: If SECTION_SPECIAL_FUNDING_CODE is in a value that maps to 3-Not Funded or 4-Off Model. (Note that these codes are in sdm_fund_code_d.fund_code_indicator = 3 (not funded) or 4 (off model) and includes funding_code_section in(AIC, APP, BBC, CCP, CUS, DPI, FTB, FSC, MBA, MPA, MPH, PLT, ROT, SAC, TAP, NON, MAC, DEN, MED, PCY, VET).

Joint: if OWNING_JOINT_INST_CODE is not null and is not the same as the submitting institution

Contract course: If SECTION_CONTRACT_FLAG = Y

Career Content:

Non-resident students: if CAREER.RESIDENCY_CODE = O

Project Kitty Hawk: if CAREER_FUND_CODE = K

Enrollment Content:

Early College DPI funded: If STUDENT_SPECIAL_FUNDING_CODE = 9

If STUDENT_SPECIAL_FUNDING_CODE in (Y-over 65, X-exchange, NF-non fundable, S-state employee waiver)

Audit: If GA_GRADING_BASIS = A unless CAREER_FUND_CODE=T

Interinstitutional: If INTERINSTITUTIONAL_IND_CODE = IIS

UNC Online Home school: If INTERINSTITUTIONAL_IND_CODE = RXHM OR If COURSE_SUBJECT_CODE = UNCX and PLACEHOLDER_INDICATOR_CODE = 2 (Note that sections may be identified as section_placeholder_indicator = 1 for service placeholder but all service placeholders are considered non-fundable regardless of whether they are part of UNC Online.)

ENROLLMENT_FUNDING_MODEL_CODE and ENROLLMENT_FUNDING_MODEL

The enrollment funding model that applies to the student in the class section. This element takes into account all factors — term, institution, student, program, course, section — that affect enrollment funding.

Valid Values: 1 – SCH, 2 – FTE, 3 – Not State Funded, 4 – Off Model

If the submitting institution is UNCSA (INSTITUTION_ID = 16) then 2 – FTE; If

FUNDABLE_FLAG, using the logic above, is N and

FUND_CODE_INDICATOR=4 – Off Model then 4 – Off Model.

Else if FUNDABLE_FLAG, using the logic above, is N and CAREER_FUND_CODE = K then 4-Off Model.

Else if FUNDABLE_FLAG, using the logic above, is N then 3 – Not state funded.

If FUNDABLE_FLAG, using the logic above, is Y and SECTIONS_OFFERED.FUNDING_CODE_SECTION is in one of the codes that maps to fund_code_indicator = 1 on SO5 SDM_FUND_CODES_D then 1-SCH; (note that this includes the value of null, which maps to 1- SCH)

SECTION_FUNDING_MODEL_CODE and SECTION_FUNDING_MODEL

An indicator for which funding model applies to the course section, based on the Section Special Funding Code, without regard to other factors that affect whether a section is funded or not.

```
CASE WHEN INSTITUTION_ID = 16 THEN 'FTE Funded'  
ELSE WHEN SECTION_CONTRACT_FLAG = 'Y' THEN 'Not State-Funded' (3)  
ELSE BA.FUND_CODE_INDICATOR  
END
```

SECTION_FUNDING_LEVEL

The funding level that applies to the section; undergraduate, master's, doctoral. Master's and doctoral courses are funded at the same base level, but STEM courses are funded at different rates based on master's or doctoral level.

If COURSE_LEVEL_CODE in(6,7,P,R) then SECTION_LEVEL_FUNDING = D - Doctoral;
else if COURSE_LEVEL_CODE in(4,5) then SECTION_LEVEL_FUNDING = M - Masters;
else if COURSE_LEVEL_CODE in(0,1,2) then SECTION_LEVEL_FUNDING = U- Undergraduate;
else SECTION_LEVEL_FUNDING = X - Undetermined.

ENROLLMENT_FUNDING_CATEGORY

An indicator of the funding category if the course enrollment may be funded at a non-standard rate. Course enrollments in the EXCHANGE funding category will be funded at the CIP code 90 rate. Master's and Doctoral course enrollments in the STEM funding category are eligible for additional STEM funding.

If SECTION_SPECIAL_FUNDING_CODE=EXG then EXCHANGE;
else if SECTION_SPECIAL_FUNDING_CODE=NUR then NURSING;
else if COURSE_CIP_CODE in (01, 03, 11, 14, 15, 26, 27, 29, 40, 51) then STEM;
else NONE

FUND_TYPE_SECTION_IIS_NF

An indicator that the section is not funded by the FTE funding model or by the enrollment funding model because it is o-institution sending arrangement.

If OWNING_JOINT_INST_CODE is not null and is not equal to the INSTITUTION_CODE then Y; else N.

FACTORS THAT MAKE ENROLLMENTS NOT FUNDABLE

The default is to assume that enrollments are fundable. However, the following factors set enrollments to not fundable.

Institution/Program

Programs: Some programs in the UNC System are receipt supported and not funded on the enrollment model. Please look at the S05 dimension table in the SDM dictionary to view a list of these programs.

Institution: UNCSA has historically been on the FTE model, but new models are currently under evaluation.

Course Section

Population	Description/Notes	SDM Source (Datafeed and Data Element)	SDM Enrollment Dataset (Data Element)
Service Placeholders	A placeholder course for administrative purposes that will not be replaced with a true course.	SectionsOffered: SECTION_PLACEHOLDER_I NDICATOR=1	PLACEHOLDER_INDICA TOR_CODE=1
Contract Course	Courses where a UNC institution enters into a contractual agreement and pays a third party to provide instruction or is paid by a third party to provide instruction are not fundable on the SCH model.	SectionsOffered: SECTION_CONTRACT=Y	SECTION_CONTRACT_FL AG=Y
Correspondence	SCHs generated in courses taken by correspondence (Independent Studies at UNC-CH) are not fundable on the SCH model	SectionsOffered: INSTRUCTIONAL_FORMAT =1	INSTRUCTIONAL_FORMAT _CODE=1

Student

Population	Description/Notes	SDM Source (Datafeed and Data Element)	SDM Enrollment Dataset (Data Element)
Out-of-State Resident	Only SCHs from in-state students are fundable.	Career: RESIDENCY=O	RESIDENCY=O
Non-Fundable Student	Students whose credit hours are not eligible for enrollment model funding under the established guidelines.	Enrollment: FUNDING_CODE_STUDENT=NF	STUDENT_SPECIAL_FUNDING_CODE=NF
Early College High School (DPI funded)	SCHs generated by high school students enrolled in Early College High School are funded through other mechanisms and are not fundable on the university's funding model for enrollment change.	Enrollment: FUNDING_CODE_STUDENT=9	STUDENT_SPECIAL_FUNDING_CODE=9
Tuition 65	North Carolina residents who are 65 or older taking courses at a reduced rate.	Enrollment: FUNDING_CODE_STUDENT=Y	STUDENT_SPECIAL_FUNDING_CODE=Y
Exchange (not paying tuition to UNC)	Starting in the calendar year 2023, campuses may choose to flag inbound exchange students using this code. Outbound exchange students (those paying tuition to their home UNC institutions) should be coded with SECTION_SPECIAL_FUNDING_CODE=EXG.	Enrollment: FUNDING_CODE_STUDENT=X	STUDENT_SPECIAL_FUNDING_CODE=X
Project Kitty Hawk	Student enrolled in programs offered by Project Kitty Hawk, which launched in 2022.	Career: FUNDING_CODE_CAREER=K	CAREER_FUND_CODE = K

Enrollment (combination of student and course section)

Population	Description/Notes	SDM Source (Datafeed and Data Element)	SDM Enrollment Dataset (Data Element)
Excluded from Reporting	SCHs associated with enrollments that are excluded from reporting are not funded unless they meet the criteria below. Enrollments where CAREER_FUND_CODE=T (CTP students) or SECTION_SPECIAL_FUNDING_CODE=EXG (outbound exchange students paying tuition to their home UNC institution) are fundable.	Enrollment, Career, Sections Offered, Course Catalog: EXCLUDE_FROM_IPEDS_FLAG	EXCLUDE_FROM_IPEDS_ENRL_FLAG=Y
Tuition Waivers - State Employee	SCHs generated by employees, faculty, and staff of the University where the tuition waiver is claimed are not funded.	Enrollment: FUNDING_CODE_STUDENT=S	STUDENT_SPECIAL_FUNDING_CODE=S
Audits	Courses not degree creditable are not fundable on the SCH model, including courses taken on an audit basis, except for audit credits taken by CTP students (CAREER_FUND_CODE=T).	Enrollment: GA_GRADING_BASIS=A	AUDIT_FLAG=Y
Language Exchange (UNC Online) Home School	SCHs generated through UNC Online via arrangements in which an institution registers the student (home) but does not deliver the instruction [O] or where an institution provides only the site for the receipt of electronic instruction (host) [P] are not fundable on the SCH model.	Enrollment: INTERINSTITUTIONAL_IND_CODE=RXHM Course Catalog: COURSE_SUBJECT_CODE=UNCX Sections Offered: SECTION_PLACEHOLDER_INDICATOR=2	INTERINSTITUTIONAL_IND_CODE=RXHM COURSE_SUBJECT_CODE=UNCX PLACEHOLDER_INDICATOR_CODE=2
Joint Program / Interinstitutional Sending Arrangement	SCHs generated in inter-institutional consortia via arrangements in which an institution registers the student but does not deliver the instruction (as	Enrollment: INTERINSTITUTIONAL_IND_CODE=IIS Sections Offered: OWNING_JOINT_INSTITUT	INTERINSTITUTIONAL_IND_CODE=IIS OWNING_JOINT_INST_CODE

Population	Description/Notes	SDM Source (Datafeed and Data Element)	SDM Enrollment Dataset (Data Element)
	is true in most consortia arrangements) or where an institution provides only the site for the receipt of electronic instruction are not fundable on the SCH model.	ION ^= the submitting institution and is not null	