



**Board of Trustees
Committee Meeting
Charles W. Chesnutt Library
Board Room**

**Committee on Budget and Finance
Wednesday, June 10, 2026
1:30 p.m.**

AGENDA

Call to Order	Dr. Donald Moore, Committee Chair
Welcome and Opening Remarks	Dr. Donald Moore
Roll Call	Karen Bussey
Approval of Minutes:	March 25, 2026

Information Items:

- A. Financial Update
Kenny Spayd
Chief Financial Officer
- B. Composite Financial Index
- C. Facilities and Utilization Report

Action Items:

There are no action items to be presented at this committee meeting.

Committee Members: Donald Moore, Frederick Nelson, Joyce Adams, Al Ragland, Glenn Adams

Staff Liaison: Kenny Spayd
Board Professional: Anita Shamberger

For further information, please contact:
Kenny Spayd, Chief Financial Officer
910-672-1062

BUDGET AND FINANCE COMMITTEE

Wednesday, March 25, 2026

1:30 PM

The Committee on Budget and Finance of the Fayetteville State University Board of Trustees convened Wednesday, March 25, 2026, in the Rudolph Jones Center Room 242 and via Microsoft Teams. The meeting was called to order at 1:31 p.m.

ROLL CALL

The following trustees were in attendance: Dr. Donald Moore, Mr. Al Ragland, and Mr. Glenn Adams.

Staff persons in attendance were CFO Kenny Spayd, COO Hector Molina, AVC Gretchen Cobb, and AVC Greg McElveen.

APPROVAL OF MINUTES

Trustee Al Ragland motioned to approve the minutes of the Committee on Budget and Finance meeting held on December 10, 2025, as presented. Trustee Glenn Adams seconded the motion. The motion carried.

CAPITAL PROJECTS UPDATE

Chief Operating Officer Hector Molina provided an update on major construction and renovation projects.

- The Health & Wellness Center is progressing but delayed, with the completion timeline revised from March 2026 to late June 2026 due to HVAC redesign requirements, unforeseen underground site conditions, and equipment procurement needs.
- The College of Education project remains on schedule with a July 2026 target completion.
- The Parking Deck project is delayed, with the completion timeline revised from August 2026 to November 2026 due to utility and underground work needing to be completed.
- Additional project updates included the Campus Gateway improvements, development of “The Shoe” food truck park, and the Military Academic Center.

Trustee Glenn Adams asked for clarification of the gateway location, in which COO Molina shared that it is at Grace Black Circle. Trustee Ragland asked when The Shoe would open, in which COO Molina shared in the fall.

Trustee Glenn Adams asked if public safety would be moving into a new, larger building. COO Molina confirmed that yes, they will be moving into their new space (the former building housing university advancement) in the coming months.

FINANCE UPDATE

Chief Financial Officer Kenny Spayd provided the committee with an update on the university's financial position. The university is tracking toward an operating surplus for the current fiscal year, which will be critical in managing uncertainty in the next cycle. For state-funded operations, revenues through February total approximately \$78.27 million against a budget of \$112.9 million, while expenses stand at approximately \$70 million against a budget of \$106 million.

The financial outlook has not shifted for auxiliary funded operations since the December update. Student fees are trending at +1M higher due to enrollment increases. Gifts have exceeded the original estimate. Sales and Services are trending +1M compared to budget. The university still expects a healthy operating surplus.

ACTION ITEM BF-1 – FISCAL YEAR 2027 ALL-FUNDS BUDGET

CFO Spayd presented an action items for review. Per UNC Policy, institutions must annually develop a comprehensive “all-funds” budget for the upcoming fiscal year that is approved by the institutions Board of Trustees. This budget provides the necessary structural foundation for the execution of the University's strategic plan and to ensure delivery of the University's teaching, research, and service mission in a financially sustainable manner. The All-Funds Budget requires approval by the Board of Trustees.

Highlighted considerations include enrollment-driven increases in general fund resources—such as NC Promise allocations and tuition growth—and planned investments in key areas such as academic affairs and student success.

Trustee Glenn Adams asked where in the budget the funds from online betting show, in which CFO Spayd shared that it is budgeted within the other revenues category. Trustee Ragland asked if we've considered salary increases. CFO Spayd responded not exactly and that guidance comes from the UNC System Office. It is considered at the campus level, but the UNC System Office does not require it to be outlined in the all-funds budget submitted.

Trustee Glenn Adams asked if there was a surplus goal (amount or percentage) that we seek annually. CFO Spayd explained that institutions are only allowed to carry forward 2.0% of the state budget per the UNC System. There are some funds like NC Promise that carry forward differently. We do make considerations to have ~\$5M to carry forward for expenses like deferred maintenance.

Trustee Al Ragland moved to recommend full Board approval of the fiscal year 2027 all-funds budget. Trustee Glenn Adams seconded. The motion carried.

ADJOURNMENT

The Committee on Budget and Finance adjourned at 2:15 p.m.

Respectfully Submitted,

Donald Moore, Committee Chair
Anita Shamberger, Recorder



BOARD OF TRUSTEES COMMITTEE ON BUDGET AND FINANCE

**Kenny Spayd
Chief Financial Officer**

June 10, 2026



FINANCIAL UPDATE - STATE FUNDED OPERATIONS

Fayetteville State University - General Fund

Revenue	Budget	Through May
State Appropriations	95,358,160	98,498,271
Tuition	14,372,795	14,400,200
Sales and Services	883,000	584,612
Contracts and Grants	250,000	125
Other Revenues	2,105,000	819,668
Revenues Total	112,968,955	114,302,875
Expense		
Salaries and Wages	62,194,000	57,563,343
Staff Benefits	21,858,000	20,093,716
Services, Supplies & Materials	14,077,000	13,179,804
Scholarships and Fellowships	4,502,000	3,229,315
Debt Service	900,000	714,000
Utilities	2,500,000	2,021,137
Expenses Total	106,031,000	96,801,315

The University is on track to expend roughly \$10 million in June, leaving FSU with a sizeable surplus that will be utilized for operations in FY 2027.



FINANCIAL UPDATE - AUXILIARY FUNDED OPERATIONS

Fayetteville State University - Auxiliaries and Other Trust Funds

Revenue	Budget	Through May
Student Fees	14,410,340	16,219,170
Sales and Services	26,787,592	29,887,484
Gifts and Investments	1,550,000	3,790,925
Other Revenues	3,700,000	2,987,243
Revenues Total	46,447,932	52,884,821
Expense		
Salaries and Wages	8,838,471	8,418,520
Staff Benefits	3,046,182	2,368,468
Services, Supplies & Materials	26,698,000	27,634,181
Scholarships and Fellowships	1,400,000	1,356,015
Debt Service	3,036,623	3,040,000
Utilities	1,095,902	1,329,003
Expenses Total	44,115,178	44,146,187
Surplus / (Deficit)	2,332,754	8,738,635

Large enrollment increases drove sizeable increases in Student Fees (+1.8M) and Sales and Services (+3.1M).

Unrestricted donations outperformed expectations due to naming rights giving from Cape Fear Valley Health

Expenses held largely in-line when considering increased enrollment.



FISCAL YEAR 25 COMPOSITE FINANCIAL INDEX

WHAT IS THE COMPOSITE FINANCIAL INDEX (CFI)?

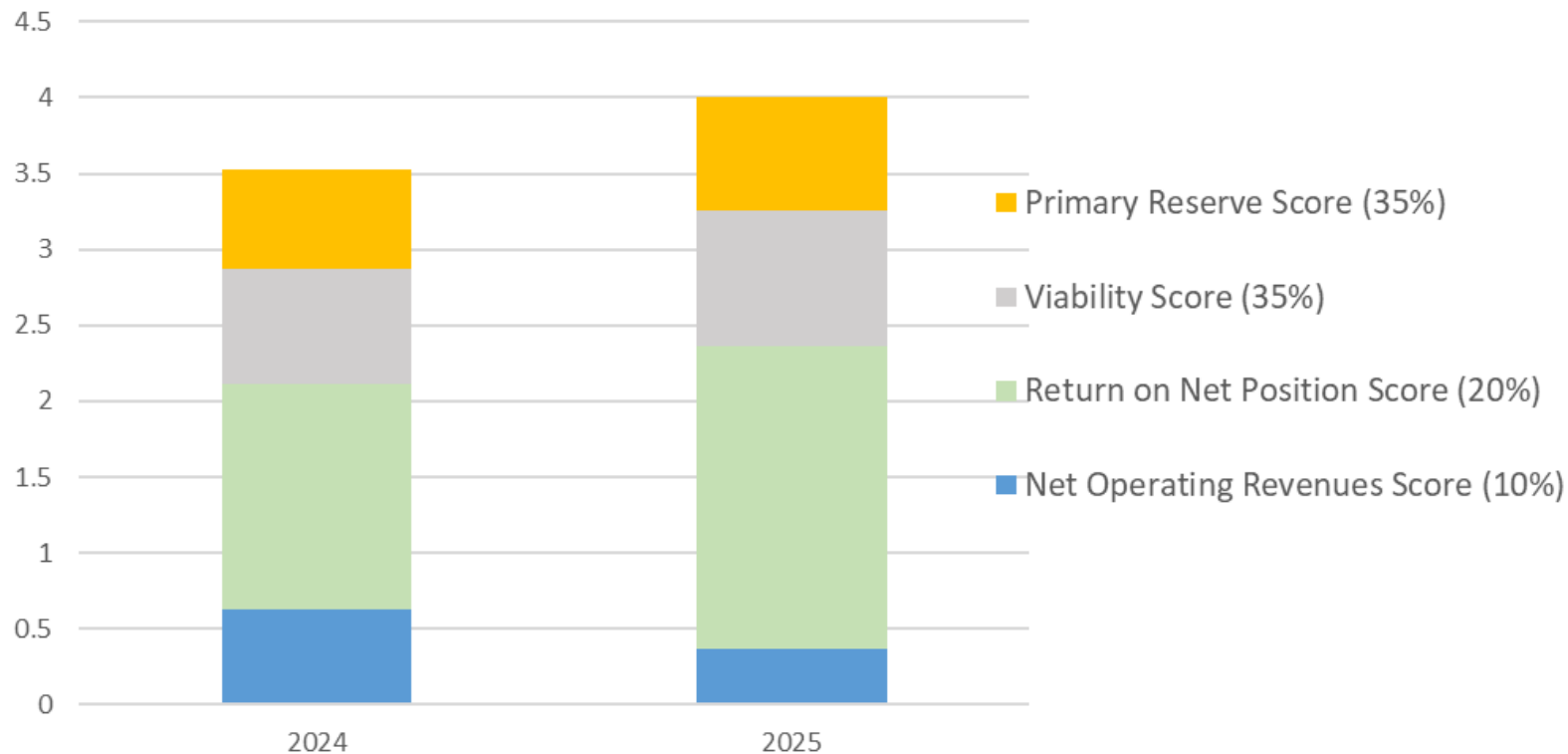
It is a governance-level financial health indicator used in higher education. It combines four financial ratios into a single score so that stakeholders can see a broad picture of institutional financial condition without having to interpret each ratio separately. The CFI is most useful as a trend indicator and a conversation starter: it helps to answer provide insight into the following areas:

1. Primary Reserve – Do we have adequate reserves? (35%)
2. Viability – Do we manage debt responsibly? (35%)
3. Return on Net Position – Are we increasing our financial position? (20%)
4. Net Operating Revenues – Do we generate sustainable operating results (10%)

IMPROVING FINANCIAL TRENDS

Potential CFI scores range from -4 to +10. A score of +3 is considered the *minimum* threshold for financial health.

Component Contributions

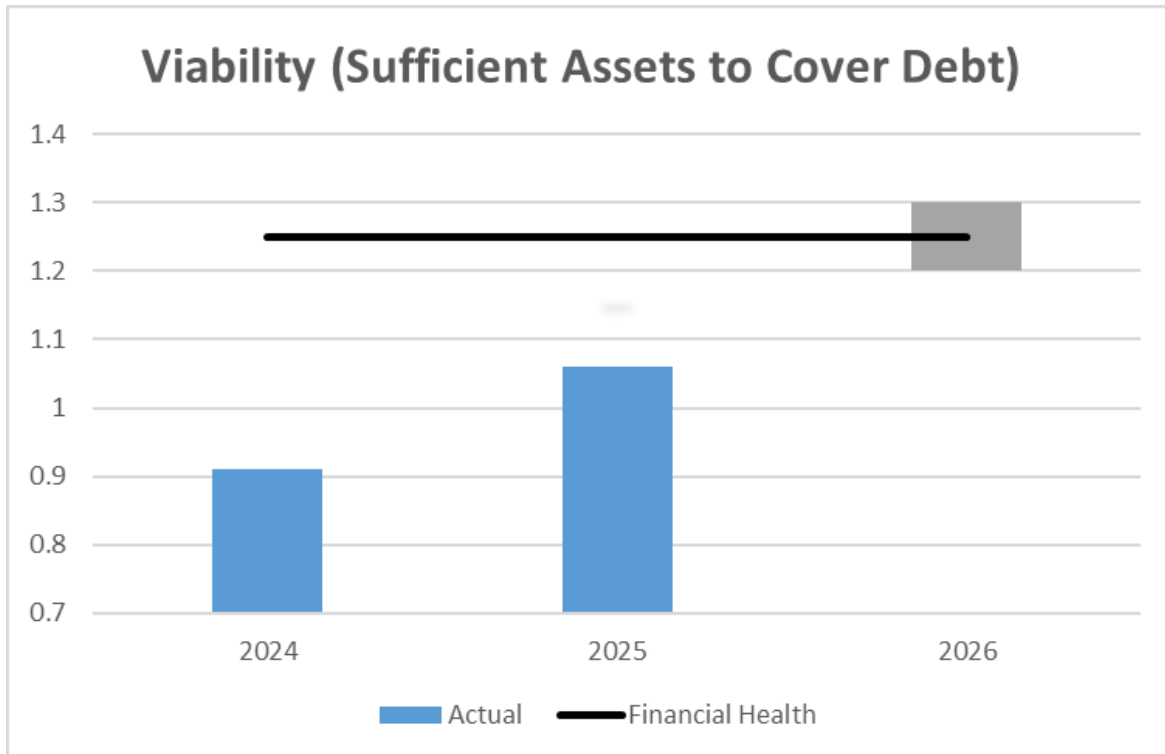


FSU has made solid progress in recent history.

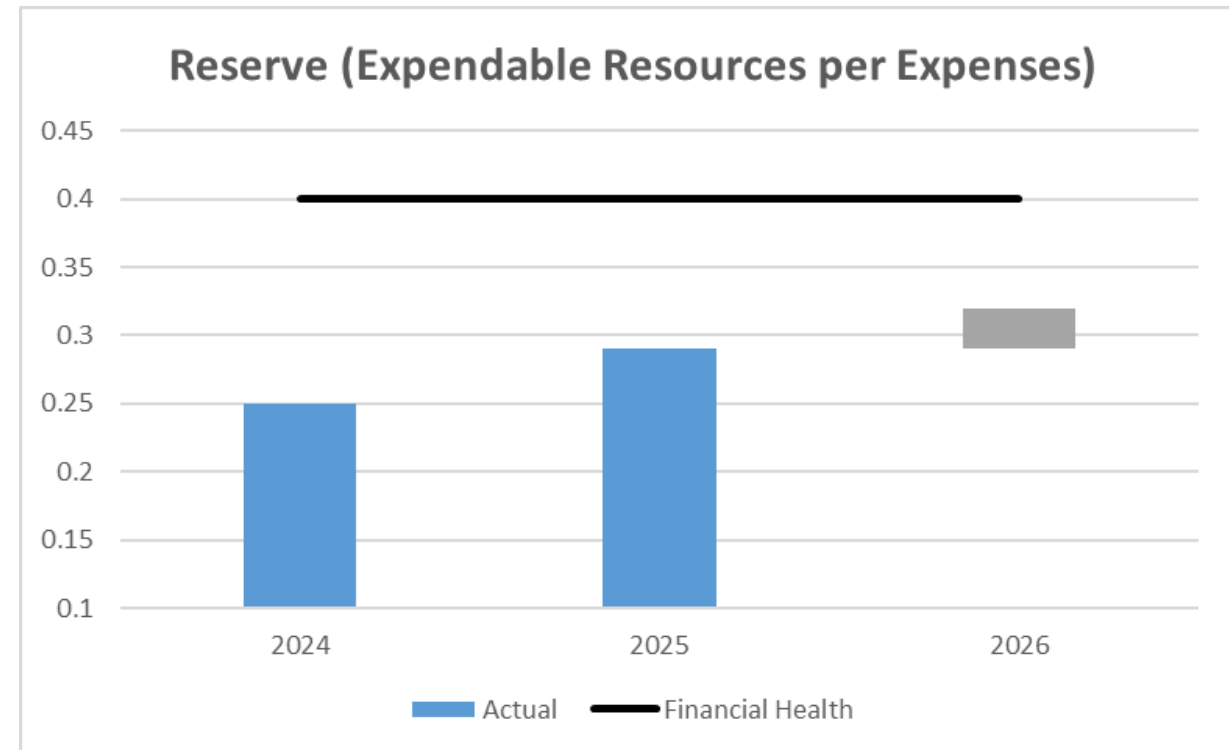
The University has increased its score from 2.47 in 2023 to 4.00 in 2025.

BALANCE SHEET (FOUNDATIONAL) METRICS

The majority (70%) of the calculation is derived from balance sheet metrics, with each metric accounting for 35% of the result.



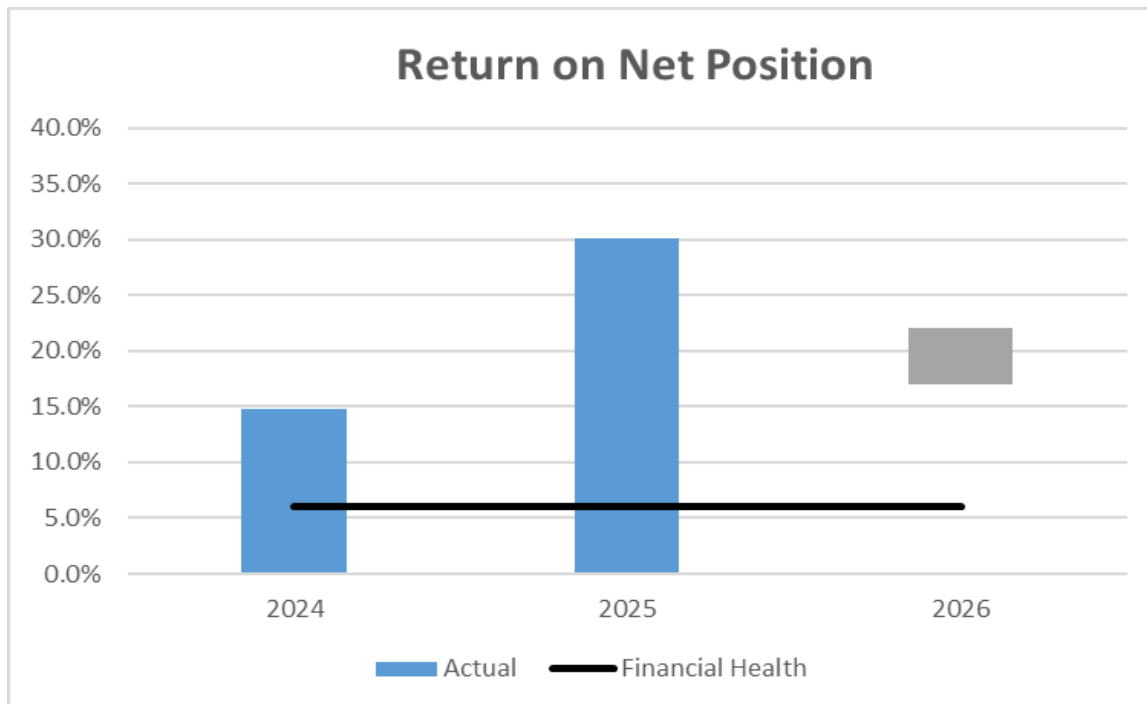
Threshold for financial health:
1.25x available resources to debt



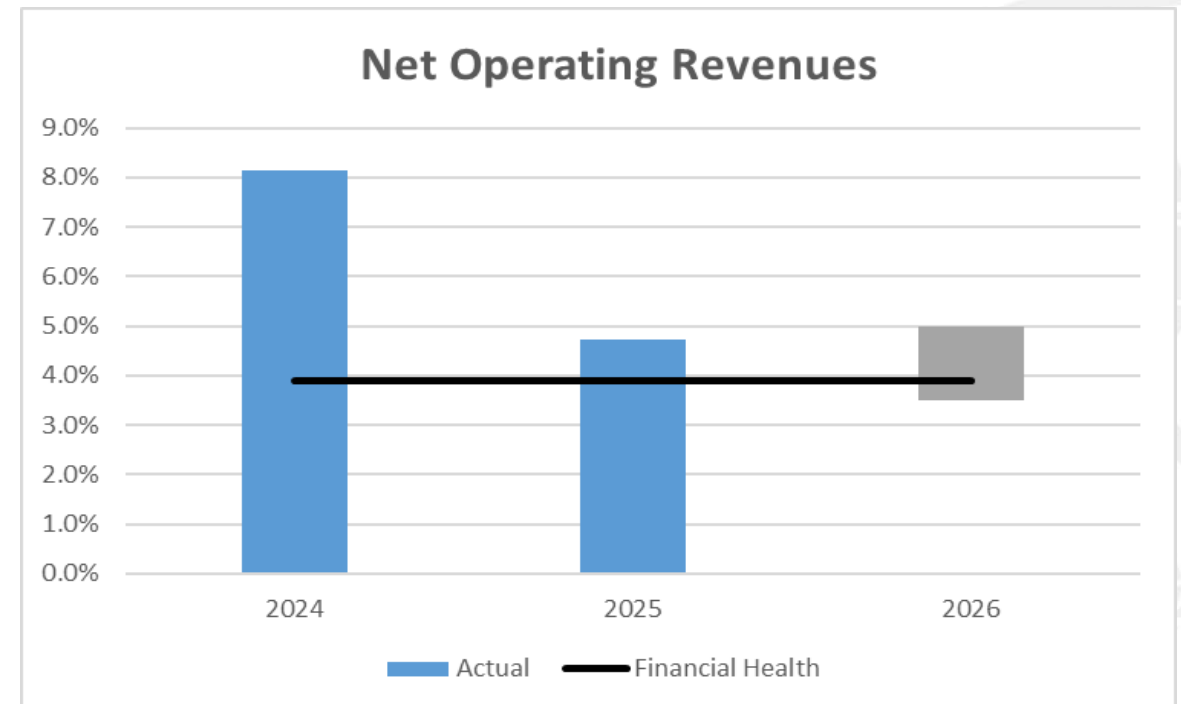
Threshold for financial health:
Reserves equal to 40% of annual expenses

INCOME STATEMENT (TREND) METRICS

- Annual trend results receive less significance in the calculation
- Return on Net Position (20%)
- Net Operating Revenues (10%)



Threshold for financial health:
6% increase in net position

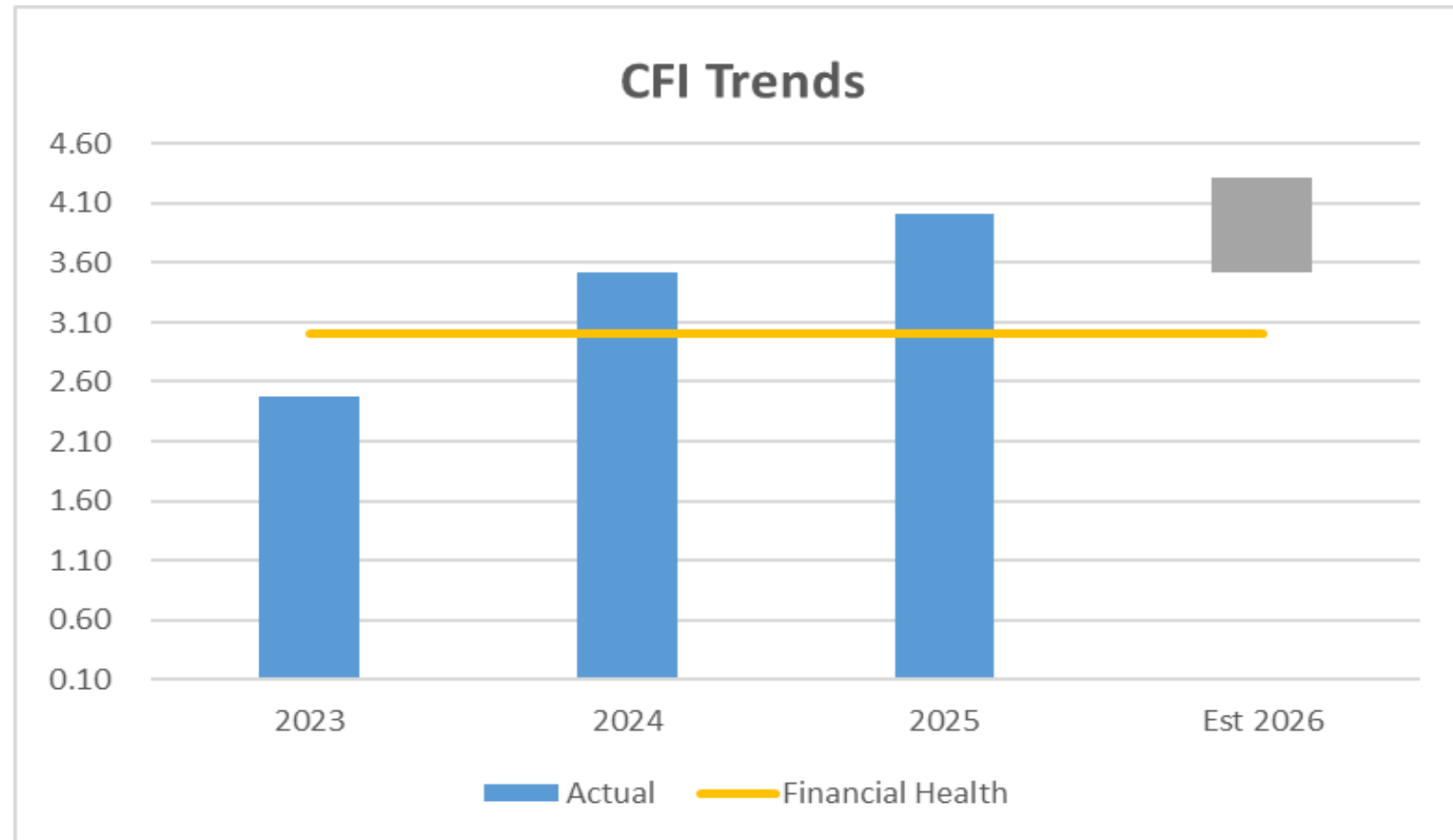


Threshold for financial health:
4% operating margin

PUTTING IT ALL TOGETHER

While FY 2026 was a strong year for capital construction; it was slightly less than in 2025 and consequently we expect the income statement metrics to contribute less than in the prior year.

Fortunately, the University is optimizing its operations, building reserves and aggressively repaying indebtedness, all of which will lead to improving foundational metrics and higher CFI scores.





2024 FACILITIES INVENTORY AND UTILIZATION STUDY

FACILITIES INVENTORY AND UTILIZATION STUDY

The University of North Carolina System Office prepares a Systemwide annual facilities inventory and space utilization study detailing the utilization of space, room characteristics, and building characteristics as a tool for space management and planning.

The 2024 study includes self-reported information on the:

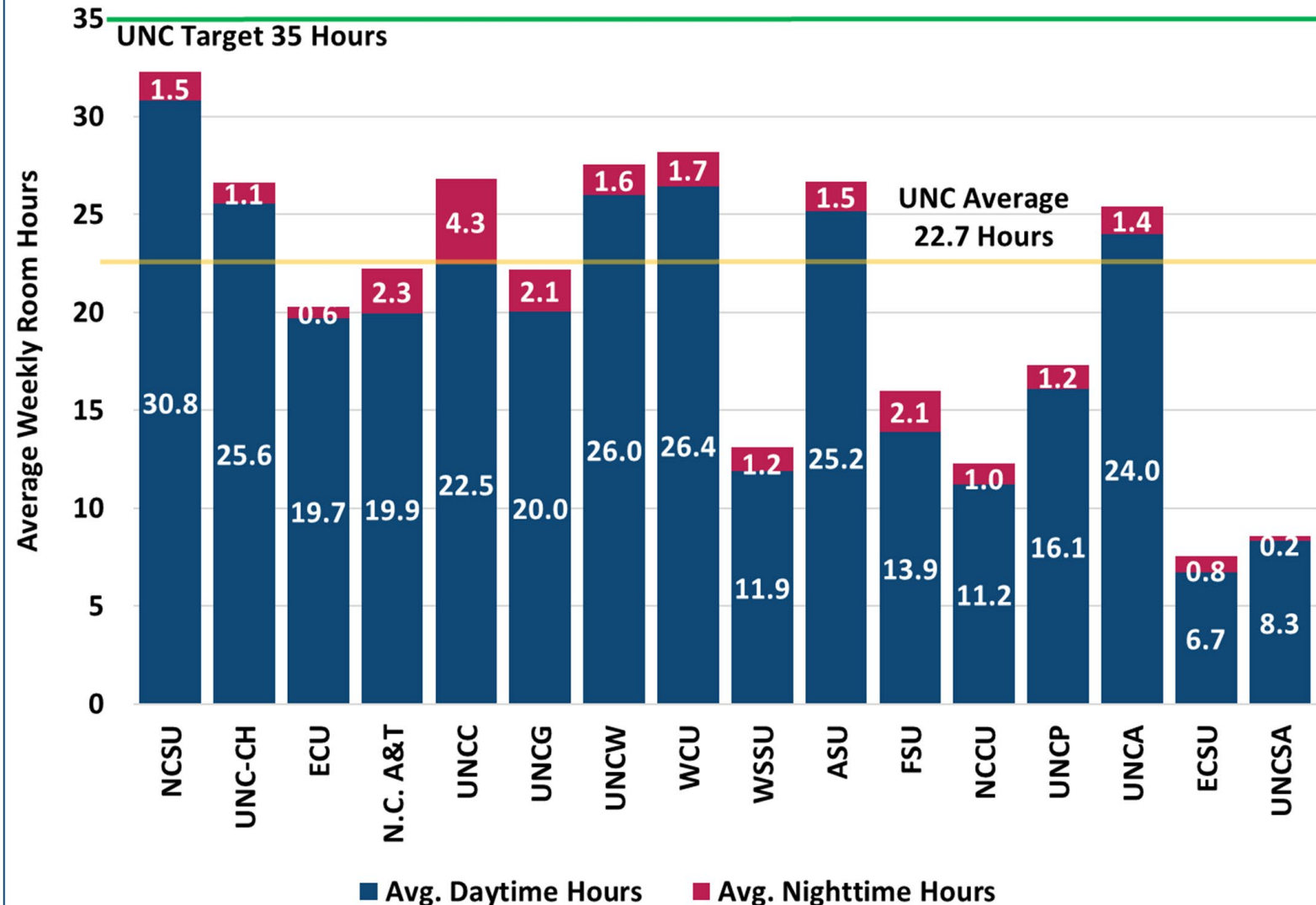
1. Institution's physical assets: including the age and condition of buildings at each institution
2. Space utilization: including classrooms and class labs based on class hours of instruction and seat fill and is derived from the Fall 2024 scheduling data.

FSU CLASSROOM SPACE UTILIZATION 2024

Key Takeaways:

- FSU averages ~16 hours/week total classroom use, which is below the UNC Average and Target.
 - ~13.9 daytime hours
 - ~2.1 nighttime hours
- There's an opportunity to increase future classroom utilization—particularly during daytime gaps and expanding scheduling outside of traditional hours.

Figure 3 - Average Weekly Room Hours in Classrooms, 2024

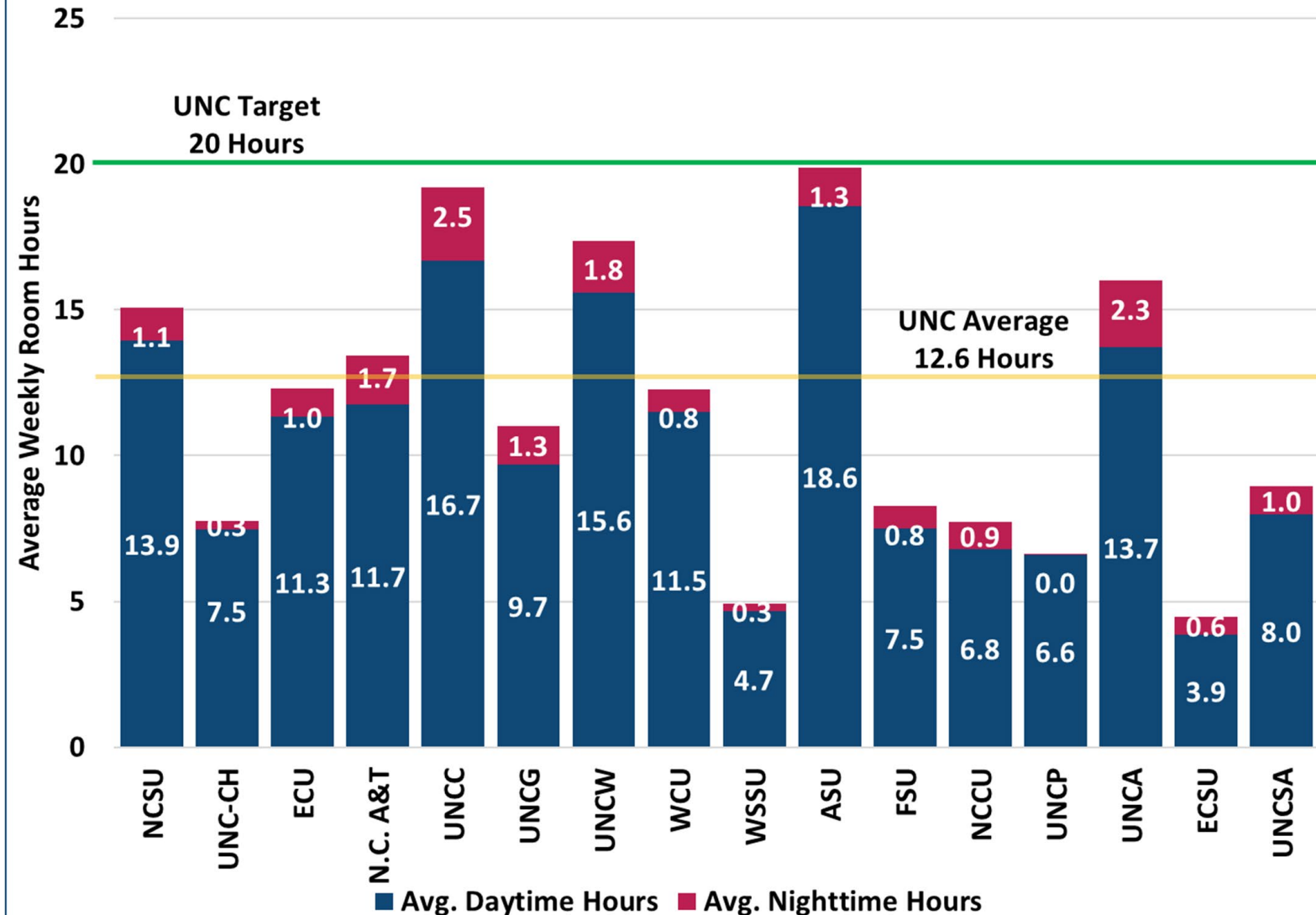


FSU CLASS LAB SPACE UTILIZATION 2024

Key Takeaways:

- FSU averages ~8.3 hours/week total lab use, which is below the UNC Average and Target.
- The utilization gap is more pronounced in labs than in general classrooms.
- There's an opportunity to increase future classroom utilization—particularly during daytime gaps and expanding evening or alternative scheduling.

Figure 4 - Average Weekly Room Hours in Class Labs, 2024



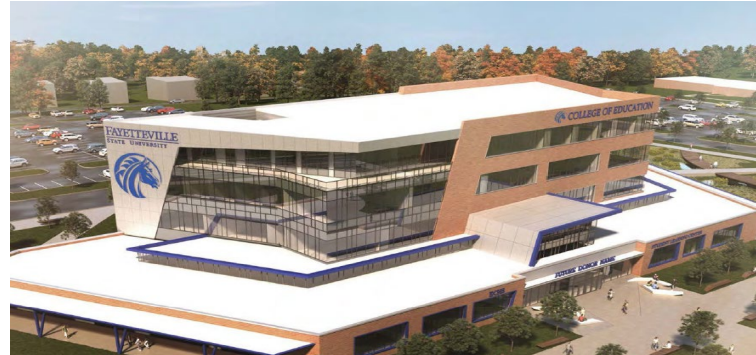
CAPITAL & RENOVATIONS PROJECTS UPDATE




Health and Wellness Center

 \$14.3M

 Fall 2026



College of Education

 \$69.3M

 August 2026



Parking Deck

 \$12M

 Winter 2026

Major Renovations:

- Police and Public Safety Building: Completion set for Summer 2026
- The “Shoe” Food Truck Park: Completion Summer 2026
- Military Academic Center (Cook Building): Completion Fall 2028

QUESTIONS

