BOARD OF TRUSTEES
BUSINESS AFFAIRS COMMITTEE
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO

April 2, 2009

INFORMATION ITEM: Budget Update

BACKGROUND INFORMATION:

An update of the University Budget will be presented at the Board meeting.

Reade Taylor
Vice Chancellor for Business Affairs

Attachments
Budget Principles

- Allocation decisions must consider Strategic Plan including projected enrollment growth
- Protect academic core
- Adopt an institutional (rather than Divisional or Departmental) view of budgets (UNCG resources)
- Principles apply to both state and non-state resources
Budget Cut Scenarios

- 3%-5%-7% Appropriation cut scenarios prepared for General Administration and previous Governor Easley.
- Governor Perdue submitted her budget to the General Assembly in March.
- House and Senate committee negotiations and full chamber agreement.
- Governor approve/veto General Assembly budget perhaps by August.
7% Cut Scenario

• Chancellor Brady required cuts of the campus in excess of 7% appropriation (= 5% Requirements) to create some funding for strategic initiatives
  – $11.8 million required; $12.3 planned

• Significant actions:
  – 59 faculty and 50 staff positions eliminated
  – Reduction of 275 class sections (7,500 seats)
  – Inability to replace classroom, lab, office, facilities equipment
  – Reduced counseling services
  – UNC General Administration and some members of the General Assembly have stressed "vertical cuts" – elimination of an entire function.
UNCG State Budget

- Personnel 81%
- Utilities 4%
- Financial Aid 3%
- All Other 12%
- Cannot avoid reducing personnel as a 7% cut taken from the “All Other” category would reduce that category by 58%. This category includes equipment, IT licenses, library books, classroom, lab, cleaning, office supplies, etc.
Governor’s Budget

- Increased funding sources include tobacco, alcohol, federal government
- Significant actions:
  - Fully funds Enrollment Change ($3.6 million)
  - Funds salaries at 98% ($3.6 million)
  - Imposes 3.6% cut ($6.2 million) (assumes equal distribution to all campuses)
  - Eliminates longevity for those employees with 10+ years of state service ($500,000)
  - Other reductions will be allocated by General Administration
  - Reduces Operations and Maintenance of Buildings by 25% recurring ($91,223) and eliminates all non-recurring ($218,800)
BOG Priorities

- Enrollment growth funding (fully funded in Governor’s Budget)
- Full funding of need-based financial aid (fully funded in Governor’s Budget)
- 5% non-recurring budget cuts to last as long as the economic downturn with Chancellor discretion as to where to take the cuts (Governor’s Budget cuts the universities by 6.5% in 2009-10 and 6.2% in 2010-11 with only about half of the cuts left to the discretion of the chancellors)
Where are we now?

- General Assembly may consider furloughs of "nonessential" state employees making greater than $30,000 and up to 20 days per year
- Chancellor Brady has instructed divisions to notify personnel of RIFs at the 5% level
Campus Communication

- Budget Sounding Board
- Website
- Periodic e-mail to campus