Budget Cut Process and Preliminary Plan for 2011-12

Prepared for discussion with UNCG Board of Trustees
May 5, 2011
Challenges for 2011-12

- UNCG has been asked to plan for up to a 15% permanent cut ($26 million) for 2011-12.
- Cuts of this magnitude would cause permanent, long-term damage to UNCG.
  - Loss of 44,000 seats in courses (approximately 1,070 course sections), or 32% of instructional capacity.
  - Further erosion of critical support services, including information technology and business operations and facilities.
Challenges for 2011-12

- Tuition has increased nearly 29% over three years (in-state undergraduate).
- Financial aid is at risk at both state and federal levels.
- Enrollment growth funding is at risk, limiting UNCG’s ability to serve increasing numbers of students in the face of permanent budget cuts.
• Between 2007-08 and 2010-11, UNCG absorbed $9.6 million in permanent cuts and $39 million in one-time cuts and mandatory reversions.
• In an effort to protect the classroom, previous cuts have significantly reduced middle management and non-instructional staff positions, putting critical functions at risk.
• In 2009-10 alone, UNCG eliminated 57 FTE administrative, staff, and mid-level management positions.
# Permanent Budget Cuts
## 2007-08 to 2010-11

(In Millions)

<table>
<thead>
<tr>
<th>Department</th>
<th>Amount</th>
<th>% of Total</th>
<th>Cuts</th>
<th>% of 2010-11 Base</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Affairs</td>
<td>$ 5,565,952</td>
<td>66.7%</td>
<td>14.7%</td>
<td>42.83</td>
<td></td>
</tr>
<tr>
<td>Information Technology</td>
<td>685,466</td>
<td>8.2%</td>
<td>10.9%</td>
<td>7.75</td>
<td></td>
</tr>
<tr>
<td>University Advancement</td>
<td>301,276</td>
<td>3.6%</td>
<td>14.4%</td>
<td>3.50</td>
<td></td>
</tr>
<tr>
<td>Student Affairs</td>
<td>315,497</td>
<td>3.8%</td>
<td>18.9%</td>
<td>5.78</td>
<td></td>
</tr>
<tr>
<td>Business Affairs</td>
<td>1,260,020</td>
<td>15.1%</td>
<td>13.8%</td>
<td>7.00</td>
<td></td>
</tr>
<tr>
<td>Chancellor</td>
<td>202,655</td>
<td>2.4%</td>
<td>20.1%</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Gateway</td>
<td>7,957</td>
<td>0.1%</td>
<td>1.5%</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$ 8,338,823</td>
<td>100.0%</td>
<td></td>
<td>67.86</td>
<td></td>
</tr>
<tr>
<td><strong>Institutional</strong></td>
<td>1,287,952</td>
<td></td>
<td>5.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 9,626,775</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

No cuts in 2006-07
Approach to Allocation of Budget Cuts

• Chancellor to Provost and Vice Chancellors
  – Review Budget Principles and impact of previous cuts on division mission.
  – Discuss planning priorities of division.
  – Assess potential impact of proposed allocation on division’s contribution to UNCG Strategic Plan 2009-14.
Approach to Allocation of Budget Cuts

• Provost and Vice Chancellors to units and functions within their divisions
  – Academic Affairs
  – Information Technology Services
  – University Advancement
  – Student Affairs
  – Business Affairs
  – Chancellor
2010-11 Base State Budgets by Division

- **Academic Affairs**: 76.5%
- **Information Technology**: 7.6%
- **Business Affairs**: 10.5%
- **University Advancement**: 2.1%
- **Student Affairs**: 2.0%
- **Chancellor**: 0.8%
- **Gateway**: 0.4%

*Includes Educational & Technology Fees

Source: Departmental Budgets 2010-11
http://fsv.uncg.edu/uncgstatebudgets.html
## Proposed 2011-12 Budget Cuts

(In Millions)

<table>
<thead>
<tr>
<th>Division</th>
<th>5% % of Total</th>
<th>10% % of Total</th>
<th>15% % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Affairs</td>
<td>$7.3</td>
<td>$14.6</td>
<td>$21.1</td>
</tr>
<tr>
<td>Information Technology Services</td>
<td>0.4</td>
<td>0.8</td>
<td>1.2</td>
</tr>
<tr>
<td>University Advancement</td>
<td>0.1</td>
<td>0.2</td>
<td>0.4</td>
</tr>
<tr>
<td>Student Affairs</td>
<td>0.1</td>
<td>0.2</td>
<td>0.6</td>
</tr>
<tr>
<td>Business Affairs</td>
<td>0.6</td>
<td>1.2</td>
<td>2.1</td>
</tr>
<tr>
<td>Chancellor</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Gateway University Research Park</td>
<td>0.0</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Total</td>
<td>$8.6</td>
<td>$17.2</td>
<td>$25.6</td>
</tr>
</tbody>
</table>

Percentages: 84.9%, 84.9%, 81.6%, 4.5%, 4.5%, 5.0%, 1.4%, 1.4%, 1.7%, 1.4%, 1.4%, 2.3%, 6.8%, 6.8%, 8.4%, 0.6%, 0.6%, 0.6%, 0.4%, 0.4%, 0.4%
Planning Priorities

• Protect course availability.
• Support student-facing services, including recruitment, admissions, and financial aid.
• Consider health and hygiene-related services such as counseling and housekeeping staff.
• Support Public Safety and Campus Police.
• Sustain 24/7 coverage of central IT servers.
Strategies for Mitigating Cuts

• Ongoing review of non-instructional programs, services, and activities in Academic Affairs.

• Prioritization of course sections most crucial to keeping students on track for graduation.

• Approval of a temporary course substitution policy.

• Administrative reviews by division to identify additional efficiencies.
Strategies for Mitigating Cuts

- Decision to suspend search for Chief Diversity Officer/Associate Vice Chancellor.
- Shift services/programs from state budget to fees and/or discretionary funding, where appropriate.
- Academic restructuring will generate administrative efficiencies.
- Academic Program Review will realize some savings, but unlikely in the short term.
Legislative Update

House Budget-Passed May 4

• Management Flexibility:
  – 17.4% is the net percent reduction (~30 million to UNCG).

• A cut of this magnitude, nearly $483 million system-wide (17.4%), is equivalent to the entire state appropriations for UNC Asheville, UNC Greensboro, UNC Wilmington, Western Carolina University, and Winston-Salem State University combined.
Legislative Update

House Budget-Passed May 4

• Enrollment Growth-Fully funded for the 1st year, but not the 2nd year.
• Financial Aid-Students are limited to 9 semesters of financial aid starting in 2012-2013.
  ▪ Tuition remissions for graduate students - $9 million reduction.
  ▪ Eliminates in-state tuition rates for out-of-state students on scholarship.
Legislative Update

SB 575-Higher Education Efficiency and Flexibility Bill

• Includes many initiatives designed to improve the efficiency of operations across NCCS and UNC. Multiple initiatives address changes in areas such as Purchasing, Capital Construction, Investments, and Human Resources.

• Consolidates personnel management under the BoG.

• The elimination of dual reporting requirements, policy duplication, and the staff time and training required to operate two separate systems (EPA & SPA) would enable UNC to manage its human resources more efficiently and effectively.

• Open forums held on campus on April 26 and April 27.
Legislative Update

State Health Plan

• House and Senate have passed a bill, waiting for the Governor to act.

• Employees will pay a premium for the first time (approximately $11-$22 depending on plan).

• Difference from last bill-Reduction in the premium for Medicare-eligible retirees from $16.54 to $10 a month and an increase in co-payments for generic drugs from $10 to $12.
Legislative Update

Expected Calendar

- May 4 - House Passed Budget
- Beginning of June - Senate Passes Budget
- Beginning/Middle of June - Conference Committee
- Middle/End of June - State Budget is Passed and Sent to the Governor
Campus Discussions

- April 4 – Budget Sounding Board
- April 6 – Faculty Senate
- April 13 – Deans Council
- April 14 – Staff Senate
- April 19 – Student Government Association
- May 5 – Board of Trustees