

NC STATE UNIVERSITY

April 12, 2013

**MEMORANDUM**

TO: Vice Chancellors and Deans

FROM: Charles D. Leffler, Vice Chancellor for Finance and Business  
Warwick Arden, Provost and Executive Vice Chancellor



RE: 2013-14 Budget Planning

As you know, Governor McCrory's 2013-15 recommended budget impacts the UNC System. A high-level summary prepared by UNC General Administration is attached as an overview. A potentially significant impact is that recommended reductions in state appropriated funds represent 5.7% in 2013-14 and 6.1% in 2014-15. The General Assembly has begun its review of the Governor's 2013-15 budget bill, and while it might not adopt the entire budget recommendation, it is safe to assume that the final bill will include a reduction. As a result, we need to begin planning for a budget reduction of some amount.

Since the budget reductions of 2009-10, we have been able to offset a portion of these by reducing funds at the University level. Those funds are now at minimal levels, however. As we plan for 2013-14, any reductions will likely have to be allocated across campus.

As a general guide for 2013-14 budget planning, we have attached a schedule that allocates across-the-board budget reductions of 3%, 4%, and 5%. These are less than the Governor's recommended percentage reduction since campus budgets also include tuition receipts. The budget base for this calculation includes state appropriated funds (projects 201000 – 249999), excluding summer session instruction (purpose code 102) and student financial aid (purpose code 230).

We **are not** requesting budget reduction plans be prepared and submitted at this time. We **are** requesting that you begin reviewing your state appropriated budgets closely to determine what functions and services could be eliminated as part of the budget reduction and how you might allocate the reduction to your departments or units. Please keep in mind our strategic priorities as you consider options.

**At this time, no decision has been made regarding how the final budget reduction will be allocated.** However, your operational decisions for 2013-14, such as those related to hiring, purchasing and travel, should take potential budget reductions into consideration. Please remember that assessing or increasing a service fee or charge to campus units as a method to offset the budget impact on your organization is not permitted.

We will continue to discuss and share information on the 2013-15 budget as the General Assembly moves through its budget process. Final reduction numbers for NC State will not be available until after the August Board of Governors meeting.

Thank you.

<b>Governor's Budget Recommendations for UNC System -- March 20, 2013</b>			
	Description	2013-14	2014-15
1	<b>FY 2012-13 Authorized Budget</b>	<b>2,577,000,000</b>	<b>2,577,000,000</b>
2			
3	<u>Continuation Budget Adjustments:</u>		
4	Enrollment	29,100,000	55,800,000
5	Building Reserves	15,500,000	17,200,000
6	Other	5,800,000	5,800,000
7	Subtotal Continuation Budget Adjustments	50,400,000	78,800,000
8	% Change from FY 2012-13 Budget	2.0%	3.1%
10			
11	<u>General Fund Appropriation Reduction Recommendations:</u>		
12			
13	<b>Non-Tuition Related Items</b>		
14	Strategic Plan Recommendations	(25,800,000)	(38,000,000)
15	Administrative and Operational Savings (\$10.0); (\$15.0)		
16	Instructional Efficiencies (\$15.8); (\$21.1)		
17	Program Reviews (\$0.0); (\$1.9)		
18	Reduce Utility Budget to Reflect Actual Expenditures	(8,088,719)	(8,088,719)
19	Management Flexibility Reduction (recurring portion)	(66,900,000)	(79,800,000)
20	Management Flexibility Reduction (nonrecurring portion)	(43,800,000)	(36,000,000)
21	Eliminate Building Reserve for McNair Building at NC A&T	(150,185)	(150,185)
22	Financial Aid Offset from Community College Grant Funds	(1,088,627)	0
23	Subtotal	(145,827,531)	(162,038,904)
24	% Change from FY 2012-13 Budget	-5.7%	-6.3%
25			
26	<b>Additional Tuition Increases that Offset State Appropriations</b>		
27	Non-Resident Students Tuition (budgeted recurring)	(48,000,000)	(48,000,000)
28	Non-Resident Students Tuition (budgeted nonrecurring)	(6,100,000)	(6,100,000)
29	12.3% at UNCCH, NCSU, NC A&T, UNCW, UNCC, UNCSA		
30	6% at All Other Campuses		
31	Repeal Resident Tuition for Nonresident Students	(8,580,000)	(8,775,000)
32	Subtotal	(62,680,000)	(62,875,000)
33	% Change from FY 2012-13 Budget	-2.4%	-2.4%
34			
35	Subtotal General Fund Appropriation Reductions	(208,507,531)	(224,913,904)
36	% Change from FY 2012-13 Budget	-8.1%	-8.7%
37			
38	<u>Recommended Expansion:</u>		
39	Strategic Plan Recommendations	19,600,000	43,600,000
40	% Change from FY 2012-13 Budget	0.8%	1.7%
41			
42	Net General Fund Appropriation Change from FY 2012-13 Budget	(138,507,531)	(102,513,904)
43	Net General Fund Appropriation % Change from FY 2012-13 Budget	-5.4%	-4.0%
44			
45	Net General Fund Spending Change from FY 2012-13 Budget (control tuition)	(75,827,531)	(39,638,904)
46	Net General Fund % Change from FY 2012-13 Budget (control tuition)	-2.9%	-1.5%
47			
48	Recommended General Fund Appropriation	2,438,492,469	2,474,486,096
49			
50	<u>Other Items:</u>		
51	Repair and Renovations Fund	50,000,000	50,000,000



NC State University

3/29/2013

2013-14 Budget Reduction Preparation (For Discussion Purposes Only)

Class 212, 214, 215, 216

Purpose codes 101, 106, 110, 142, 151, 152, 160, 170, & 180

( Does not include Appropriated Receipts operations)

(Excludes Summer session and financial Aid)

Budget Code	Base Budget Feb Future BD701	3.00%		4.00%		5.00%	
Academic Affairs	\$389,094,818	\$11,672,845		\$15,563,793		\$19,454,741	
Agricultural Research	54,911,053	\$1,647,332		\$2,196,442		\$2,745,553	
Cooperative Extension	39,859,682	\$1,195,790		\$1,594,387		\$1,992,984	
Total University	\$483,865,553	\$14,515,967		\$19,354,622		\$24,193,278	
<b>OUC</b>							
Description	Continuing Budget	Reduction		Reduction		Reduction	
<b>Provost Units:</b>							
02 Vice Chancellor/Provost	\$11,423,458	2.04%	\$238,643	2.04%	\$318,190.09	2.04%	\$397,737.61
0297 Academic Strategic Reserve	15,307,155	2.74%	319,775	2.74%	426,367	2.74%	532,959
04 Graduate School	4,911,567	0.88%	102,605	0.88%	136,807	0.88%	171,009
24 Division of Academic and Student Affairs (0	4,018,957	0.72%	83,958	0.72%	111,944	0.72%	139,931
24 DASA - Housing (22)	132,509	0.02%	2,768	0.02%	3,691	0.02%	4,614
24 DASA - Division of UG Academic Prog (31)	4,757,157	0.85%	99,380	0.85%	132,506	0.85%	165,633
25 NCSU Libraries	27,625,557	4.94%	577,114	4.94%	769,485	4.94%	961,856
32 Division of Enrollment Management	3,385,977	0.61%	70,735	0.61%	94,313	0.61%	117,892
33 Distance Education & Learning	19,807,082	3.54%	413,781	3.54%	551,708	3.54%	689,635
38 Institutional Equity & Diversity	2,022,563	0.36%	42,252	0.36%	56,337	0.36%	70,421
39 Office of International Affairs	1,560,138	0.28%	32,592	0.28%	43,456	0.28%	54,320
Total Provost/Vice Provost Units	\$94,952,120	16.99%	\$1,983,604	16.99%	\$2,644,805	16.99%	\$3,306,007
<b>Colleges:</b>							
11 Agriculture and Life Sciences (16030 only)	24,544,407	4.39%	512,747	4.39%	683,662	4.39%	\$854,577.82
12 Design	7,424,030	1.33%	155,092	1.33%	206,790	1.33%	258,487
13 Education	16,848,482	3.02%	351,974	3.02%	469,299	3.02%	586,624
14 Engineering	68,316,678	12.23%	1,427,174	12.23%	1,902,899	12.23%	2,378,624
15 Natural Resources	8,425,096	1.51%	176,005	1.51%	234,673	1.51%	293,342
16 Humanities & Social Sciences	34,228,806	6.13%	715,059	6.13%	953,412	6.13%	1,191,766
17 Physical & Mathematical Sciences	33,755,996	6.04%	705,182	6.04%	940,243	6.04%	1,175,303
18 Textiles	7,728,471	1.38%	161,452	1.38%	215,270	1.38%	269,087
19 Veterinary Medicine	25,774,285	4.61%	538,440	4.61%	717,919	4.61%	897,399
20 Poole College of Management	16,418,570	2.94%	342,993	2.94%	457,324	2.94%	571,656
Total Colleges	\$243,464,821	43.57%	\$5,086,119	43.57%	6,781,492	43.57%	8,476,865
Total Provost and Colleges	\$338,416,941	60.57%	\$7,069,723	60.57%	\$9,426,298	60.57%	\$11,782,872
<b>Other Institutional Support:</b>							
01 Chancellor's Units	3,304,734	0.59%	69,038	0.59%	92,050	0.59%	115,063
06 Research & Innovation	5,505,451	0.99%	115,012	0.99%	153,349	0.99%	191,687
08 University Advancement	8,250,694	1.48%	172,362	1.48%	229,816	1.48%	287,270
09 Extension, Engagement & Econ Dev.	704,972	0.13%	14,727	0.13%	19,636	0.13%	24,545
27 Office of General Counsel	1,232,719	0.22%	25,752	0.22%	34,336	0.22%	42,920
4X Finance & Business	64,001,234	11.45%	1,337,022	11.45%	1,782,696	11.45%	2,228,371
51 Office of Information Technology	24,486,577	4.38%	511,539	4.38%	682,051	4.38%	852,564
XX Utilities	26,741,801	4.79%	558,652	4.79%	744,869	4.79%	931,086
Personnel Benefits Pool	86,116,252	15.41%	1,799,018	15.41%	2,398,690	15.41%	2,998,363
Total Other Institutional Support	\$220,344,434	39.43%	\$4,603,121	39.43%	\$6,137,495	39.43%	\$7,671,869
Total Academic Affairs - 16030	\$558,761,375	100.00%	\$11,672,845	100.00%	\$15,563,793	100.00%	\$19,454,741
Agricultural Research - 16031			\$1,647,332		\$2,196,442		\$2,745,553
Cooperative Extension - 16032			\$1,195,790		\$1,594,387		\$1,992,984
Total University (16030, 16031, 16032)			\$14,515,967		\$19,354,622		\$24,193,278