

NC STATE UNIVERSITY

June 24, 2013

**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 Follow-up

In our April 12, 2013 memorandum to you, we requested 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.” We also asked that you keep in mind our strategic priorities as you considered options.

As you have been following, both the Senate and House proposed budgets for FY 13-14 and FY 14-15 include significant reductions to the University System as noted on the attached UNC-GA side-by-side schedule. The appropriation bill is now being negotiated in the Conference Committee with the hope that the budget will be finalized and presented to the Governor for signature in early July.

We provided examples of 3%, 4%, and 5% targets with our April memorandum. Unfortunately, given the reductions being considered by the General Assembly, we believe you should concentrate your reduction planning on a 5% recurring amount with the expectation that there could also be an additional one-time budget reduction allocation. Please remember that the base budget for the calculation of those reductions includes state appropriated funds (projects 201000-249999), excluding summer session instruction (purpose code 102) and student financial aid (purpose code 230).

As in the April 12 memo, we are not requesting that you prepare and submit budget reductions at this time. We are requesting that you concentrate your review on a 5% recurring reduction. There is a possibility of an additional one-time reduction amount yet to be determined. We do not expect that we will be able to communicate the budget reductions until the later part of July due to the timing of the Legislative and Board of Governors’ final actions. You should reduce expenditures effective July 1, 2013 consistent with your budget reduction strategy.

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At this time, we do not know whether there will be any legislative salary increases (LI pools), nor what salary administration restrictions may be imposed. However, advice from UNC-General Administration is that we could see the reinstatement of prior approval requirements on all salary adjustments of 10% or more from the June 30, 2013 salary for any actions with effective dates of July 1 or later. To the best of our knowledge, employment offers to external hires – those resulting from a competitive search rather than a search waiver – should be unaffected. In most cases, faculty promotion-in-rank salary increases are effective on June 30, 2013, and thus should not be impacted by any July 1 restrictions.

If you have already submitted such an action – even those that have been endorsed by HR Employment, Class/Comp, or EPA Administration -- HR will contact the lead HR officer in each college or division to review actions with a 7/1 effective date or later, which might need to be revisited.

We will continue to share any information made available as the 2013-15 budget process continues. Thank you for your continued hard work and thoughtful consideration as we plan for yet another very difficult reduction process.

cc: W. Randolph Woodson, Chancellor  
College & Division Leads