

>>> Charles Leffler and Larry Nielsen (Charles Leffler) 12/17/2008 1:40 PM >>>

Vice Chancellors and Deans:

As you know Governor Easley has issued a call for budget impact statements based on 3%, 5%, and 7% reductions in the 2009-11 state appropriation. As is routine in these matters, UNC-GA has issued specific instructions and a different template to the Universities for use in compiling the official UNC response. This information will also be shared with the Governor-elect to assist in developing her budget recommendation to the General Assembly.

Unfortunately, the Governor and UNC-GA have set immediate deadlines for responding to their information requests. By the time we close the university for the holidays, on December 23, we must have completed our response. This means that we need your information **by Noon on Monday, December 22.**

This deadline means the following:

- A long or detailed consultative process won't be possible.
- Our response can only be very general -- an estimate of the possible reductions and impacts, at best.
- Your responses will not be binding, but only your current rough estimates of what you might need to do.
- Your assigned budget reductions also are not binding, but are presented here as targets for this reporting only.
- We will report these reductions and impacts only at a summarized university level.
- You will have to make broad assessments of what reductions you might take (e.g., a \$1 million reduction might translate into 6 faculty jobs, all from unfilled vacancies, 5 SPA jobs, 3 from filled positions, and 2 EPA jobs, both from filled positions).
- We will continue meaningful planning for these reductions using the processes and timelines that we have discussed before; this exercise will not substitute for the careful planning that we intend.

The attached pages describe in some detail how we have calculated the budget reduction amounts and the details for completing the information requests. The budget reduction allocations are only for this reporting effort and will be amended once we have completed a more thorough planning process.

Thank you for your attention to this matter and for your understanding of the environment in which we must operate to fulfill this request.

Charles D. Leffler
Larry A. Nielsen

Instructions for Completing Spreadsheet and Impact Statements for Budget Reduction plans due by NOON, DECEMBER 22, 2008

The attached spreadsheet allocates the reduction to each college and Vice Chancellor division using the following methodology:

1. Continuing Base Budget excludes student financial funds, the Graduate Student Health Insurance budget, and state funds transferred from DENR for the Solar House (Engineering) and Marine Fisheries (VC for Research).
2. The UBAC adjustment column is the continuing base budget for EPA Teaching Faculty and the Utilities budget lines.
3. The Adjusted Budget Base reduces each college's and division's Continuing Base Budget by the appropriate UBAC adjustment amounts for EPA Teaching Salaries and Utilities.
4. The first 3% of the budget reduction allocation is based on this UBAC Adjusted Budget Base.
5. The 5% and 7% budget reduction allocations include the calculated 3% UBAC adjusted base plus additional reduction amounts of 2% and 4%, respectively, calculated across the board based on the Continuing Base Budget for each college and division.

While the attached template will have to be completed in the detail requested and for each purpose/program code (e.g. there are tabs 101, 106, 110, 142, 151, 152, 160, 170, 180, 230, etc.), your narrative explanation of the actions you will take should be of a general nature for each purpose code and not specify specific programs and positions. You have the flexibility of allocating your reduction across purpose codes as appropriate. Since teaching faculty positions are not reduced in the first 3% of the reduction, the narrative for the level should not reflect a direct negative impact on classroom instruction.

CALS: Please modify the template as it applies for reductions for your budget codes 16031 (Agricultural Research) and 16032 (Cooperative Extension). For these budget codes, the corresponding benefits will need to be added for all salary reductions.

It will be important to estimate the number of filled positions you think you will have to abolish to meet your reduction targets. Also, note the number of programs or degree options you might have to terminate and the number of seats and sections that will be lost at the 5% and 7% levels. Please limit your impact statements to one page for each of the three reduction scenarios. UNC-GA provided the attached examples of impact statements that reflect the type of detail and information they are requesting. It is important to emphasize that the suggested impact statements must reflect actions that are feasible and do not include threats or actions we cannot or would not take for a myriad of reasons.

We are treating this as a preliminary budget reduction plan that we will continue to refine and improve beginning with the mini-retreat scheduled for January 12 where one of our primary efforts will focus on identifying campus-wide and cross-functional programs and services that could be eliminated, reorganized, or significantly altered in the immediate future.

Your response, including the completed template and narrative justification must be emailed to Steve Keto (steve_keto@ncsu.edu) **no later than noon, December 22, 2008.**

Preliminary Recurring Budget Reduction Allocation

12/16/08

2009-10 State Appropriated Continuing Base Budget

Fund classes 213 & 215

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

(Excludes Appropriated Receipts operations & Financial Aid)

(Excluded from 3% cut are EPA Teaching & Utilities)

UNC-GA Designated Reductions:	7.00%	BenefitsPool	Total
Academic Affairs	\$28,552,726	(\$1,843,355)	\$26,709,371
Agricultural Research	4,290,061		4,290,061
Cooperative Extension	<u>3,177,181</u>		<u>3,177,181</u>
University Total	\$36,019,968	(\$1,843,355)	\$34,176,613

OUC	Organization	Continuing Base Budget	Adjustments to Base (UBAC)	UBAC Adjusted Allocation Base	2009-10 Budget Reduction Levels			7% Reduction
					3.00%	5.00%	7.00%	% of Base
02	Vice Chancellor/Provost	\$13,262,668	\$9,052,646	\$4,210,022	\$215,007	\$442,604	\$670,201	5.05%
25	NCSU Libraries	23,639,179	0	23,639,179	1,207,257	1,612,922	2,018,587	8.54%
31	Undergraduate Academic Program	4,985,570	1,758,814	3,226,756	164,791	250,347	335,903	6.74%
32	Division of Enrollment Management	3,921,756	0	3,921,756	200,285	267,585	334,885	8.54%
33	Distance Education & Learning	14,086,316	5,178,324	8,907,992	454,933	696,664	938,395	6.66%
35	Diversity and African American	1,141,596	59,248	1,082,348	55,276	74,867	94,458	8.27%
38	Office for Equal Opportunity	1,048,276	1,370	1,046,906	53,466	71,455	89,444	8.53%
39	Office of International Affairs	<u>1,366,898</u>	<u>0</u>	<u>1,366,898</u>	<u>69,808</u>	<u>93,265</u>	<u>116,722</u>	<u>8.54%</u>
	Total Provost/Vice Provost Units	\$63,452,259	\$16,050,402	\$47,401,857	\$2,420,823	\$3,509,709	\$4,598,595	7.25%
COLLEGES:								
11	Agriculture and Life Sciences	\$23,014,867	\$19,503,566	\$3,511,301	\$179,323	\$574,275	\$969,227	4.21%
12	Design	7,483,247	5,951,908	1,531,339	78,206	206,624	335,042	4.48%
13	Education	15,608,506	10,245,254	5,363,252	273,902	541,755	809,608	5.19%
14	Engineering (excludes Solar Center)	65,460,205	43,806,086	21,654,119	1,105,880	2,229,224	3,352,568	5.12%
15	Natural Resources	7,721,681	5,534,406	2,187,275	111,705	244,215	376,725	4.88%
16	Humanities & Social Sciences	33,888,169	29,009,924	4,878,245	249,133	830,678	1,412,223	4.17%
17	Physical & Mathematical Sciences	34,334,098	26,630,450	7,703,648	393,427	982,625	1,571,823	4.58%
18	Textiles	7,948,513	3,244,917	4,703,596	240,213	376,615	513,017	6.45%
19	Veterinary Medicine	27,233,870	12,567,021	14,666,849	749,039	1,216,392	1,683,745	6.18%
20	Management	<u>19,464,270</u>	<u>14,149,947</u>	<u>5,314,323</u>	<u>271,403</u>	<u>605,424</u>	<u>939,445</u>	<u>4.83%</u>
	Total Colleges	<u>\$242,157,426</u>	<u>\$170,643,479</u>	<u>\$71,513,947</u>	<u>\$3,652,231</u>	<u>\$7,807,827</u>	<u>\$11,963,423</u>	<u>4.94%</u>
	Total Provost and Colleges	\$305,609,685	\$186,693,881	\$118,915,804	\$6,073,054	\$11,317,536	\$16,562,018	5.42%
Other Institutional Support								
01	Chancellor	\$4,250,677	\$111,900	\$4,138,777	\$211,368	\$284,313	\$357,258	8.40%
05	Student Affairs	5,321,875	1,953,980	3,367,895	171,999	263,326	354,653	6.66%
22	Housing Service	167,568	0	167,568	8,558	11,434	14,310	8.54%
06	Research (excludes Marine Fisheries)	3,786,073	444,336	3,341,737	170,663	235,635	300,607	7.94%
04	Graduate School (excludes GSHI)	2,198,527	0	2,198,527	112,279	150,007	187,735	8.54%
08	University Advancement	6,012,185	0	6,012,185	307,043	410,216	513,389	8.54%
09	Extension, Engagement & Econ Dev.	3,420,089	0	3,420,089	174,665	233,356	292,047	8.54%
10	Athletics	34,269	0	34,269	1,750	2,338	2,926	8.54%
27	Office of Legal Affairs	916,539	0	916,539	46,808	62,536	78,264	8.54%
4Y	Utilities	30,858,575	30,858,575	0	0	529,555	1,059,110	3.43%
4X	Finance & Business	58,536,851	300,000	58,236,851	2,974,166	3,978,701	4,983,236	8.51%
51	Office of Information Technology	<u>23,579,821</u>	<u>189,983</u>	<u>23,389,838</u>	<u>1,194,523</u>	<u>1,599,170</u>	<u>2,003,817</u>	<u>8.50%</u>
	Total Other Institutional Support	<u>\$139,083,049</u>	<u>\$33,858,774</u>	<u>\$105,224,275</u>	<u>\$5,373,822</u>	<u>\$7,760,587</u>	<u>\$10,147,352</u>	<u>7.30%</u>
	Total Academic Affairs	\$444,692,734	\$220,552,655	\$224,140,079	\$11,446,876	\$19,078,123	\$26,709,370	6.01%
16031	Agricultural Research	75,248,863		75,248,863	1,838,598	3,064,329	4,290,061	5.70%
16032	Cooperative Extension	60,921,772		60,921,772	1,361,649	2,269,415	3,177,181	5.22%
	Total University	\$580,863,369	\$220,552,655	\$360,310,714	\$14,647,123	\$24,411,867	\$34,176,612	5.88%

Examples of Budget Reductions Excerpted from Prior Years

2002-03 Budget Reductions Report

- NC A&T projects a total of five student computer labs will close as a result of operational reductions, eliminating access to about 125 computers which can no longer be maintained and updated.
- NCSU, Academic Affairs -- Four classes were cancelled in Parks, Recreation and Tourism Management, as well as two physics classes and several graduate statistics classes.
- UNCG cancelled more than 250 course sections for Fall 2002 and Spring 2003. In almost all of the remaining sections, class sizes have therefore increased. Furthermore, the effect has been a reduced variety of course offerings and decreased choice for students among sections. Because many medium- and large-enrollment courses are already at the capacity of UNCG's classrooms, this effect is felt more strongly in courses that normally have smaller sections (e.g. certain arts, sciences, professional discipline, and writing-intensive courses). In addition, the reductions at UNCG will result in the staffing of more course sections with visiting, temporary faculty, rather than with permanent faculty.
- Reductions at UNCG also forced the reduction of instructional lab and classroom support to a schedule of 7am-6pm, instead of the 7am-9pm schedule it previously had used to provide support to students and faculty.

2003-04 Budget Reductions Report

- NCSU, Academic Affairs -- Budget reductions in previous years have resulted in significant reductions in library staff and operations, and as a result, this year's permanent reduction will limit new acquisitions. This represents a reduction of over \$500,000 in collections, purchased books down by 19% or approximately 3,700 titles, and the cancellation or loss of online access to over 550 journal titles.
- UNCA -- The Career Center has not been able to purchase the tools (software and subscriptions) necessary to keep track of the job market.
- UNC-CH had more problems this year than in the past in placing students into required basic skills courses. Many courses were over-enrolled to accommodate demand. There were more than 150 students who were unable to enroll in beginning Spanish classes this fall. Many departments are being forced to offer fewer, and larger, class sections, a concern to both students and parents in light of recent tuition increases.

- UNC-CH closed Arts Carolina, one of the most visible public outreach programs at the university, cutting off a valuable link between our arts programs and the general public.
- UNC-CH -- All of the departments had to tighten their operating budgets, including reductions in funds for staff, professional travel, equipment, telecommunications, maintenance and supplies. State funding was eliminated for 14 positions, which resulted in the lay-off of 4 EPA non-faculty and 4 SPA staff. Graduate student positions were also decreased, employees must share phone lines, faculty are using personal funds for classroom copying, and departments are being forced to use private funding to meet core operational needs.
- UNC-CH -- Office of Human Resources eliminated HEELS for Health, a popular faculty and staff wellness program that has been in operation for over a decade. The elimination of this program will have a negative effect on the overall health and wellness of University employees, in addition to serious impacts on employee morale.
- UNC-CH -- The Division of Student Affairs permanently abolished the First Year Initiate Program (FYI Program). This program consisted of serving first year students to enhance the intellectual climate of the campus and one that supported the new Academic Plan's emphasis on learning communities within residence halls. This 4-year old program had during its tenure 34 individual faculty members, representing 16 departments within the College of Arts and Sciences and six professional schools.
- UNC-CH, Health Affairs -- Reductions in state funds compromise the ability of the UNC School of Medicine to maintain the quality, breadth and depth of the educational program and to meet the demand for health care professionals in North Carolina. The School was forced to close down the Allied Health Rehabilitation Psychology and Counseling program due to cuts. 2003-04 is the 3rd year in a row for loss of funding for scientific equipment that seriously jeopardizes the ability of investigators to gain new research grants.

2004-05 Budget Reductions Report

- At NCSU, critical support for tutorial services in several colleges has been curtailed. Additionally, access to and support for scientific and computer labs across campus continues to diminish at a time when all colleges are challenged to replace, upgrade, and repair older equipment to keep labs current and operational.
- UNC-CH, Health Affairs -- In the School of Public Health, a graduate course in Nutrition will not be offered during the spring semester and a web-based Biostatistics course will not be offered in either the fall or spring semesters. This decrease in course offerings directly impacts students who may be unable to adjust to the scheduling issues it creates.
- The reductions at Western have also caused decreases in capital outlay budgets (\$175,000). As a result of multiple years of budget cuts, WCU now has 2033 desktop computers that are so old that they are incapable of running vendor-supported operating systems. These

computers represent both as security threat and a source of inefficiency, as well as direct costs to support the machines. Although replacing faculty and student-use computers has been a priority, large numbers of computers are significantly below the level needed to run software that is the standard for the academic areas. Bringing all desktops up to current standards would require \$2,835,200, a total that increases with each additional year of budget reductions. As a result, students are not learning current systems in some areas or are having to “make do” with static demonstrations instead of hands-on experiences. Continued erosion in these areas could threaten program accreditation and impact the readiness of graduates to meet employers’ needs in North Carolina.

2005-06 Budget Reductions Report

- ECU, Health Affairs -- These state budget reductions are occurring when other negative market trends are impacting the Brody School of Medicine. First, malpractice insurance costs are increasing markedly (up 81% over the past 5 years). Second, insurance payers are decreasing the reimbursement rates paid for the services of the School’s faculty. Third, the level of charity care has tripled over the past 5 years as the state’s economy has worsened and the number of unemployed residents has risen.
- Despite an effort to exclude NCSU’s instructional budgets from the first one-percent of the budget reduction, over 60 sections in various colleges were eliminated, impacting over 1720 seats and creating larger class sizes.
- UNC-CH -- Existing course sections will decrease by 46 over the fiscal year;
- UNC-CH -- The School of Law now has no international business law in its curriculum, which, in an increasingly global economy, is a handicap for students. In addition, the School has been unable to hire an additional property law teacher to cover the required three sections of this mandatory first-year course, and has relied on visitors to teach one of the three sections for two years. The School has reduced from three to two the number of sections of administrative law, criminal procedure, trusts and estates, and family law that are offered. Because these subjects are tested on the bar examinations of most states, the overwhelming majority of the School’s upper class students enroll in them. The School’s preference is for tenured and tenure-track faculty to teach all first-year required courses and all subjects tested on the bar examination, but the School has been unable to meet this goal in recent years.
- At UNCG, 12 teaching positions were reduced, plus support positions and operating funds. Faculty positions cut for 2005-06 include positions in continuously growing, high-student-demand departments. The cuts have prevented the expansion of teacher education programs and have restricted graduate enrollment for students seeking teaching licensure amid pressures to expand teacher education.