

**5% Permanent Budget Reduction Plan
2009-2010
North Carolina State University
April 23, 2009**

Introduction

Chancellor Oblinger, in collaboration with Provost Nielsen and Vice Chancellor for Finance and Business Leffler, has instructed university personnel to develop a two-part budget reduction strategy for the coming biennium.

First, he has directed all budget managers to enact their portions of an overall 5% budget reduction. The proportions assigned to each budget area were determined using the budget reduction principles established by the University Budget Advisory Committee; these principles were created by the committee and approved by Chancellor Oblinger in February 2006.

Second, he has directed Provost Nielsen and Vice Chancellor Leffler to oversee a strategic process to implement an additional 2% budget reduction contingency. These actions are aimed at the university level and address options that would not necessarily come under the purview of any individual budget manager. Nielsen and Leffler have worked with their senior staffs and University Planning and Analysis to consult with faculty, staff and students in many settings; to develop an institutional budget website that includes the opportunity to submit budget suggestions; and to confer with affected units. The process of identifying possible areas for these reductions and assessing their feasibility will continue throughout the spring and, in some instances, into the next fiscal year.

This report summarizes the actions being taken to achieve the 5% budget reduction across all units of the university.

Subsequent announcements and reports will detail the additional 2% budget reduction contingency, as those decisions are finalized and after they have been communicated to the affected units.

Value Statement of the UNC Board of Governors

On March 20, 2009, the UNC Board of Governors issues a “Value Statement” that sets broad guidance for budget reductions. The value statement establishes the following:

- Protect UNC’s commitment to teaching, research, and public service.
- Target reductions at weaker and/or nonessential programs.
- Sustain academic excellence, high quality and affordability.
- Improve efficiency and effectiveness in all operations.
- Avoid across-the-board reductions if possible.
- Seek opportunities for collaboration across institutions.
- Follow the priorities of UNC-Tomorrow.

The NC State approach to budget reduction is consistent with this value statement, as this report will demonstrate. A few particulars of the NC State approach illustrate how we are enacting this value statement in our actions.

- We have reiterated our commitment to our mission as a land-grant university, and we have retained our current enrollment goals.
- We have re-focused on our selected programmatic priorities in leadership development; energy and environment; educational innovation; health and well-being; and economic development.
- Our budget reductions are not now, nor have they been in the past, across the board; as shown later, we have reduced academic colleges by an average of 2.7% and administrative functions by 6.7%, with an overall range of 1.7% to 7.1%.
- We have reduced classroom offerings by only 0.8%.
- We have specifically identified 2% of an overall 7% reduction for strategic cuts, to include “vertical cuts” and other strategic changes in operations.
- We are continuing to implement efficiency improvements as identified in the PACE effectiveness and efficiency process and subsequently.
- Our budget reduction strategies will include increased collaborations within our own campus; however, we also continue to develop new academic programs with other UNC institutions to make our ongoing programming more efficient.
- We are continuing programs, such as Pack Promise, that enhance affordability and access.
- We are reviewing all aspects of our Centers and Institutes, with the goal of eliminating the weakest, combining like centers for greater efficiency and/or enhancing reporting relationships.
- We will use our strategic approach to budget reduction as a tool to uncover future ways to re-direct resources from less important to high-priority areas.

NC State’s three appropriated budgets

NC State receives state appropriations in three separate categories. The first is the university’s main budget, which supports all resident teaching and the administrative functions related to teaching, from the Chancellor’s office to the campus police. This is the budget generally referred to as the “academic affairs budget (16030).” This budget totaled \$514 million for the 2008-2009 fiscal year. This budget is actually a combination of tuition (about \$106 million) and actual appropriations (about \$408 million).

The second and third budget categories support two functions directly associated with NC State’s mission as a land-grant institution. One budget (16031) funds the Agricultural Research Service, which performs research on behalf of North Carolina’s agricultural and natural resource sectors; this budget totaled \$72 million for the 2008-2009 fiscal year. The other budget (16032) funds the Cooperative Extension Service, which provides educational programs to citizens of the North Carolina and operates in all 100 counties and the Cherokee Indian Reservation; this budget totaled \$60 million for the 2008-2009 fiscal year.

(NC State also receives allocations of state funds from a variety of other “budget lines,” including funds for repair and renovation of facilities, but these are not included in the budgets described here. Budget reductions also are applied to these funds.)

The 5% Reduction Allocations

A 5% budget reduction for NC State’s Academic Affairs budget for 2009-2010 equals \$20.4 million (a reduction of 1% equals approximately a \$4 million reduction). A 5% budget reduction for the Agricultural Research budget equals \$3.1 million and for Cooperative Extension equals \$2.3 million. Therefore, the total 5% budget reduction for NC State’s three budget lines is \$25.8 million.

For the academic affairs budget, the assignment of specific reduction amounts to various units at NC State utilizes the principles of the University Budget Advisory Committee, namely to protect... “to the extent possible, in the following order

- Undergraduate academic programs
- Graduate academic programs
- Financial aid (need-based)
- Libraries
- Essential campus infrastructure
- Campus safety and security
- Classroom conditions and services
- Student services
- Campus aesthetics.”

Using these guidelines, the assigned reductions favor academic programs over administrative programs, as follows:

- Academic colleges received 2.7% reduction (individual colleges ranged from 1.7% to 4.4% reduction)
- The libraries received 3.7% reduction
- The utilities budget received 1.7% reduction
- Administrative units in the provost’s office received 7.3% reduction
- Other administrative units in the university received 6.7% reduction

A table of the individual reductions assigned to specific budget units is available on the university’s budget website.

In addition to the 5% reductions noted here, some units in the university will be implementing additional reductions associated with other budget issues. The Colleges of Humanities and Social Sciences, Agriculture and Life Sciences, and Veterinary Medicine will be making additional reductions that are not reflected in these figures and that will produce impacts that are not included in this report (except as noted).

5% Budget Reduction Impacts – Job Losses

NC State will eliminate 218 jobs based on the 5% reduction in the Academic Affairs budget. Of those, 131 are vacant and 87 are filled. These losses include the following:

- 49 faculty jobs (41 vacant; 8 filled)
- 61 EPA non-faculty jobs (19 vacant; 42 filled)
- 108 SPA jobs (71 vacant; 37 filled)

The reduction associated with these job losses is \$14.7 million, or about 72% of the Academic Affairs budget reduction.

NC State will eliminate 41 jobs based on the 5% reduction in the Agricultural Research Service budget. Of those, 10 are vacant and 31 are filled. These losses include the following:

- 0 faculty jobs
- 25 EPA non-faculty jobs (9 vacant; 16 filled)
- 16 SPA jobs (1 vacant; 15 filled)

NC State will eliminate 58 positions based on the 5% reduction in the Cooperative Extension Service budget. Of those, 7 are vacant and 51 are filled. Most of the filled positions are expected to be voluntarily vacated by personnel retiring under a special federal retirement incentive called VERA. These losses include the following:

- 50 faculty jobs (all filled)
- 8 EPA non-faculty jobs (7 vacant; 1 filled)
- 0 SPA jobs

For all three budget categories, NC State will eliminate up to 317 jobs. Of those, 148 are vacant and 169 are filled. These losses include the following:

- 99 faculty jobs (41 vacant, 58 filled)
- 94 EPA non-faculty jobs (35 vacant, 59 filled)
- 124 SPA jobs (72 vacant, 52 filled)

5% Budget Reduction Impacts – Classroom Impacts

NC State has directed budget reductions away from impacting the classroom to the fullest extent possible. We are increasing class size when suitable classrooms are available and the teaching style allows such an increase; faculty are teaching additional class sections, often at the sacrifice of their research, outreach or professional activities; administrators are volunteering to teach courses in their home units if possible. Nonetheless, we still must reduce some course offerings. Where course offerings are reduced, we have

endeavored to protect courses required by graduating seniors in their majors and General Education courses required of all students. We will continue to search for ways to lower these course reductions in the coming months, but our current estimate of the reduced seats and sections is as follows:

- Student Affairs will eliminate 9 sections (175 seats)
- Agriculture and Life Sciences will eliminate 18 sections (450 seats)
- Education will eliminate 8 sections (200 seats)
- Humanities and Social Sciences will eliminate 9 sections (365 seats)
- Physical and Mathematical Sciences will eliminate 400 seats
- Management will eliminate 15 sections (375 seats)

Thus, we will eliminate a total of 1965 seats during the 2009-2010 academic year. Because the average course is three credit hours, this represents about 5895 credit hours. During the academic year, NC State teaches approximately 750,000 credit hours. The reduction in available seats will be about 0.8% of our total offerings.

Selected 5% Budget Reduction Impacts – Program Eliminations and Reductions

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| 1. Chancellor | Eliminated position in Chancellor’s Office
Eliminated position in University Planning and Analysis
Eliminated position in Institute for Emerging Issues
Reduced programmatic activities and services in Park Scholarships |
| 2. Provost | Eliminated 14 unfilled tenure-track faculty positions included in current Compact Plan
Eliminated position of Senior Vice Provost
Eliminated Development Officer
Eliminated 0.5 FTE position in Faculty Development |
| 3. Enrollment Management and Services (EMAS) | Reduced personnel in Undergraduate Admissions, impacting recruitment of under-represented populations, out-of-state students, and international students
Reduced marketing materials sent to in-state students and high achieving students |
| 4. Distance Education and Learning Technology Application (DELTA) | Eliminated Instructional Technology Assistant Program (ITAP), reducing instructional technology training and support to staff and graduate students
Reduced marketing of distance education |
| 5. Diversity and Inclusion | Reduced programming at the African American Cultural Center, including guest lectures, cultural programs, and art |

exhibits

Reduced support for events such as the Diversity Awards Banquet, Brotherhood Dinner, Human Rights Week, and NCSU Pow Wow

6. Office of Equal Opportunity (OEO) Eliminated Study Circles on Race and Race Relations
7. Office of International Affairs (OIA) Eliminated advisor positions in Study Abroad and International Services
8. Environmental Health and Safety Reduced staffing in insurance and risk management and training
9. Facilities Reduced staffing for capital projects management
Reduced frequency of housekeeping
Reduced work on grounds, plantings, and event support
Increased preventive maintenance cycles
Repair services delayed or reduced
10. Human Resources Eliminated “New to State” program for new employees
Reduced staffing in Employee Relations, Classification and Compensation, and Employment Services
11. Advancement Eliminated positions in Corporate & Foundations Relations and Web Communications, impacting fund-raising and web development
Reduced support for development and management of strategic communications campaigns to colleges and administrative units
12. Extension, Engagement and Economic Development Closed Beaufort Office of Small Business and Technology Development, reducing services to region
Cancellation of CINC (Connecting in North Carolina) tour for new faculty & staff
Reduced programming as an “Urban Serving University”
Reduced McKimmon Center outreach for programs offered by non-profit groups that serve the community
13. Student Affairs Reduced hours and increased charges for space use by off-campus groups in Talley Student Center
14. Research Reduced positions in the Institute for Transportation Research and Education and the Water Resources Research Institute, reducing services to constituents

- Reduced extension services to the NC commercial fisheries industry through Sea Grant
Results research magazine reduced from 4 to 3 issues annually
15. Office of Information Technology
 Reduced staff, slowed development, and reduced outreach activities in the Virtual Computing Lab (VCL) program
 Reduced staffing for Campus Community/Portal/Admissions/Security/Outreach Technology web applications, AV Tech Design and Integration
 Delayed delivery dates on campus projects
16. Legal Affairs
 Eliminated attorney position
17. Agriculture and Life Sciences
 Reduced seats in fast-growing areas including freshman biology and biochemistry
 Eliminated travel for students and instructional faculty to off-campus laboratories, reducing experiential learning experiences and educational trips associated with classes
18. Humanities and Social Sciences
 Eliminated Communications Disorders concentration in Communication Department
 Eliminated Theatre concentration in Arts Application degree
 Eliminated funding for new graduate students in the Anthropology Masters program
 Cancelled *Accolades* magazine
19. Design
 Reduced faculty assignments to engagement activities, including activities related to affordable housing, applied research in children's playgrounds, and the Healthy Built Environment Initiative
20. Education
 Reduced development of new assessment systems required to maintain accreditation
 Reduced services by the Student Success and Advising Center
 Reduced development of new distance education initiatives
 Reduced field supervision and extension work with public schools
21. Engineering
 Slowed planned growth and implementation of new curricula
 Decreased technical support for laboratories and research
 Reduced personnel for Industrial Extension Service
 Reduced acquisition of lab and teaching equipment
 Reduced student recruitment and support for first-year students
22. Natural Resources
 Reduced participation in university-wide diversity activities

	Eliminated support for CNR students participating in Study Abroad and for the development of program in China
23. Physical and Mathematical Sciences	Eliminated the Institute of Statistics
24. Textiles	Eliminated faculty positions in rapidly growing areas such as Fashion and Textile Management and Fashion and Textile Design Delayed creation of Aerospace Research Center Reduced support for Six Sigma programs and courses in medical textiles for students from other colleges
25. Veterinary Medicine	Reduced coverage in clinical service in the Veterinary Teaching Hospital (VTH), including small animal hospital Reduced support for graduate research assistants
26. Management	Eliminated advising position
27. Library	Cancelled subscriptions to 500 journals (10% of total) Eliminated purchase of 3,000 books (26% of total) Closed Media/Microforms service point Relinquished status as a Federal Depository Library, reducing federal government collection program by 95% Reduced service in the Digital Media Lab Reduced operating hours in branch libraries
28. Undergraduate Academic Programs	Eliminated Advisory Council for Enhancing Student Success Eliminated Pre-College Program Reduced internships with Academic Support Program for Student Athletes
29. Graduate School	Reduced diversity recruitment travel funds Reduced graduate student employment in the Certificate of Accomplishment in Teaching program, Graduate Student Support Plan, Student Affairs and Professional Development, and Graduate School Communications
30. Cooperative Extension Service	Eliminated 58 positions (field faculty, EPA non-teaching, and SPA positions), many through federal Voluntary Early Retirement Authority program; equivalent of 50 county agent positions Reduced State 4-H Program, including developing K-12 4-H curriculum and training Reduced Family and Consumer Services program

Eliminated positions in turfgrass, tobacco, and aquatic weed extension
 Eliminated positions in weed management for field crops
 Reduced capacity to assist counties in meeting their locally identified needs
 Reduced in-service training of agents and specialists
 Slowed response time in development of materials

31. Agricultural Research Service
 Eliminated 41 jobs (EPA non-teaching and SPA positions)
 Reduced programming will reduce agricultural productivity
 Delayed fulfillment of promised start-up funds for new faculty
 Reduced capacity for grant acquisition, reducing research leverage and overall productivity
 Eliminated positions in peanut, soybean and weed research
 Reduced size of Butner Beef Education Unit
 Reduced maintenance and temporary positions at Lake Wheeler Field Lab

Selected 5% Budget Reduction Impacts – Increased Effectiveness and Efficiency

32. Public Affairs Eliminated web programmer position; programming tasks absorbed by existing staff
33. Alumni Relations Eliminated reception staff; duties replaced by the use of technology
34. Provost Office Eliminated Senior Vice Provost; responsibilities distributed among remaining staff
35. Design Centralized administrative services provided to the academic units
36. Education Merged two academic departments
 Centralized administrative support
37. Engineering Reduced instrument maker position to .50 FTE; duties performed by biweekly employees
38. Textiles Combined several courses creating new larger sessions of blended courses
39. Undergraduate Academic Programs Eliminated technology support position; needs handled by central help desk

40. DELTA Developed lower cost model for DE classrooms that will reduce the up-fit costs from an average of \$250K per classroom to an average of \$100K per classroom
Consolidating learning management systems to a single platform
Eliminated position for the production of physical media (CDs and DVDs) for DE courses; while 100% online delivery is not yet possible due to the fact that they still have students without broadband access, the duties of this position will continue to decrease and the remaining workload can be picked up by other DELTA staff
41. Environmental Eliminated trainer position; responsibilities delegated to other staff
Health and
Safety
42. Campus Police Eliminated Evidence Custodian position; duties assigned to sworn law enforcement officers
43. Facilities Maintenance of the new 100,000 GSF Math & Statistics Building
Division will primarily be absorbed by existing staff
44. Financial Eliminated accounts receivable position in the University
Services Controller's Office; duties handled through financial system's online billing capabilities
Eliminated outsourcing of electronic student bills; service replaced by in-house capability to send electronic bills to students
Eliminated accounts payable position in Controller's Office; replaced by increased automation of the payment system
The Controller's Office negotiated reduced banking rates and increased the use of electronic payments to vendors
Eliminated two Cashier's Office teller positions; payments required to be made online or through the mail to the University's lockbox
Eliminated temporary help for testing financial system fixes and changes; testing handled by permanent staff members
45. Resource Reduced Systems and Data Manager position for tuition
Management analysis/projection; responsibilities shifted to other staff members
Eliminated all temporary wages budget for keeping journal entries; workload shifted to Administrative Specialist
46. Treasurer's Combined two positions in Real Estate Division to one handling
Division both the administrative and financial responsibilities

47. Office of Information Technology
Eliminated the on-call pay for Fair Labor Standards Act (FLSA) exempt employees
Eliminated the security guard located in the lobby of the Hillsborough Building; replaced by card readers on the doors in the lobby
48. Research and Graduate Studies
Centralized communications, HR, and budget services for all units

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