

MEMORANDUM

TO: Ginger Burks, Director of Cost Analysis, Chair of the Task Force
Frank Buckless, Poole College of Management, Department Head &
University Budget Advisory Committee member
Jayne Fleener, College of Education, Dean & University Budget Advisory
Committee member
Ryan Hancock, Urban Affairs and Community Services, Chair-elect of the
Staff Senate
Steve Keto, Associate Vice Chancellor for Finance and Resource
Management
Duane Larick, Sr. Vice Provost for Strategic Initiatives & Dean of the
Graduate School
Barbara Moses, University Budget Director
Margery Overton, Civil, Construction and Environmental Engineering, Past
Chair of the Faculty
Vicki Pennington, Provost Office - Administration, Assistant Vice Provost
Laura Taylor, Agricultural and Resource Economics, Faculty member &
University Budget Advisory Committee member
David Zonderman, History, Chair-Elect of the Faculty

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



DATE: October 24, 2012 (REVISED)

SUBJECT: Budget Restructuring Task Force Charge

Thank you for your willingness to serve on the University's Budget Restructuring Task Force. This committee has important work ahead to assist in better linkage of the University's Strategic Plan to the allocation of resources.

Throughout the university's strategic planning and realignment process discussions, there was a consistent thread that the current allocation of university resources was not consistent with the university's mission, goals, and strategic priorities for the future.

Therefore, to begin to address this decades old budget evolution process that has created the current unit budgets, this task force is appointed to steer the development of a cost analysis,

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assess various budget processes used in higher education today, recommend how the university's budget might be more appropriately realigned, and suggest how any future new budget resources might be allocated.

The Task Force is composed of members of the University Budget Advisory Committee (UBAC) and staff with budget expertise. It is our desire that the Task Force keep the UBAC informed of its meeting times and locations as well as agenda topics so that they may participate as they have the opportunity.

The task force charge is as follows:

- Budgeting methods and processes. Assess and evaluate various budget methodologies including zero-based budgeting, diminished base budgeting (withdrawing a portion of all or most budgets for the purpose of reallocating resources to the University's highest priorities), and resource centered management (RCM) to attempt to improve the connection between the university's strategic plan and the allocation and reallocation of resources.
- Budget distribution adequacy and possible reallocation methodology. Evaluate the appropriateness of the existing campus unit budgets based on current workloads. Develop methodology for adjusting budgets to "right size" the budget distribution taking into consideration, to the extent possible, accumulated budget decisions by local managers – e.g. eliminating all non-personnel budgets and relying on lapsed salaries or funding permanent positions with one-time funds.
- Academic cost analysis. Develop a cost analysis of academic programs to assist in determining the appropriateness of the allocation of resources among colleges and departments. The analysis would not be used to directly re-allocate resources but to indicate where further investigation of program efficiency and/or productivity might be warranted.
- Administrative budget analysis. Review costs, appropriate metrics and comparative information to assist in determining the appropriateness of the budget allocations among academic support and institutional administrative units. This review may include a comparison of NC State unit costs and, as with the academic cost analysis, the results may identify areas where additional investigation of service levels and efficiency might be warranted and/or budget reallocations might be feasible.

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- Position budget allocation support. Develop a standard budget model of minimal funding for any academic (college) department. That is, what budget is required to support each faculty member in a department in addition to direct salaries and benefits? This would be for the support of a generic tenure/tenured faculty member who would need communication access, furniture and equipment, travel to some number of professional conferences, miscellaneous office/teaching supplies, etc.

In addition to the task force members and the University Budget Advisory Committee's involvement, it is expected that the group and its members will regularly interact with and seek input from other groups on campus, including but not limited to Academic Deans and Department Heads, Business and Human Resources staffs and other individuals and groups as appropriate. The task force will seek to engage, involve and inform a broad spectrum of groups across the campus. The task force might also find it beneficial to engage an external consulting entity to assist in analysis of current and potential methodologies.

The initial deliverable for the Task Force is requested to be a preliminary report in early January to be focused on a longer term work plan and additional study that will be undertaken. Periodic reports will also be made to the Provost and Vice Chancellor for Finance and Business. The first meeting of the task force is scheduled for Wednesday, October 24 at 8 AM in the Chancellor's Conference room. A regular meeting schedule will be discussed at that time.

CC: W. Randolph Woodson, Chancellor
 Executive Officers
 Deans
 University Budget Advisory Committee members