THE BUDGET AT NC STATE

How big is the pie?

Randy Woodson, Chancellor
Warwick A. Arden, Interim Provost and Executive Vice Chancellor
Charlie Leffler, Vice Chancellor for Finance and Business

Chancellor’s Forum
NC State University
2010-11 Revenue Budget
Total $1.24 Billion

- Tuition & Fees: $223 M (18%)
- State Appropriations: $526 M (42%)
- Federal Appropriations: $23 M (2%)
- Gifts & Other Sources: $51 M (4%)
- Sales & Services: $186 M (15%)
- Contracts & Grants: $231 M (19%)

Chancellor’s Forum
NC State University
2010-11 Expense Category Budget
$1.24 Billion

Salaries & Benefits
$785 M
63%

Supplies & Materials
$123 M
10%

Services
$188 M
15%

Utilities
$40 M
3%

Depreciation
$59 M
5%

Scholarships & Fellowships
$45 M
4%
NC State University
2010-11 Program Budget
$1.24 Billion

- Organized Research: $231 M (19%)
- Instruction: $379 M (31%)
- Public Service: $126 M (10%)
- Student Financial Aid: $47 M (4%)
- Institutional/Facilities Support: $164 M (13%)
- Auxiliary Enterprises: $131 M (10%)
- Academic/Student Support: $103 M (8%)
- Depreciation: $59 M (5%)

NC State University
Chancellor's Forum
## Primary Revenue Streams: FY 2008-09

<table>
<thead>
<tr>
<th>Institution Name</th>
<th>FTE Students</th>
<th>Tuition and fees after deducting discounts and allowances</th>
<th>State appropriations</th>
<th>Sum of 2 Sources of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>$ per FTE</td>
<td>% of Total Revenue</td>
<td>Value</td>
</tr>
<tr>
<td>Univ. of Florida</td>
<td>47,408</td>
<td>$228,987,000</td>
<td>$4,830</td>
<td>27%</td>
</tr>
<tr>
<td><strong>NC State</strong></td>
<td><strong>28,583</strong></td>
<td><strong>$175,524,899</strong></td>
<td><strong>$6,141</strong></td>
<td><strong>28%</strong></td>
</tr>
<tr>
<td>Univ. of Georgia</td>
<td>31,513</td>
<td>$223,234,237</td>
<td>$7,084</td>
<td>33%</td>
</tr>
<tr>
<td>Georgia Tech</td>
<td>18,097</td>
<td>$151,714,908</td>
<td>$8,383</td>
<td>37%</td>
</tr>
<tr>
<td>Iowa State Univ.</td>
<td>24,767</td>
<td>$187,308,086</td>
<td>$7,563</td>
<td>39%</td>
</tr>
<tr>
<td>Univ. of California-Davis</td>
<td>29,640</td>
<td>$274,329,000</td>
<td>$9,255</td>
<td>41%</td>
</tr>
<tr>
<td>Texas A &amp; M</td>
<td>44,812</td>
<td>$342,303,737</td>
<td>$7,639</td>
<td>42%</td>
</tr>
<tr>
<td>Univ. of Wisconsin</td>
<td>38,760</td>
<td>$323,113,531</td>
<td>$8,336</td>
<td>43%</td>
</tr>
<tr>
<td>Univ. of Minnesota</td>
<td>41,993</td>
<td>$487,391,840</td>
<td>$11,607</td>
<td>44%</td>
</tr>
<tr>
<td>Univ. of Maryland</td>
<td>33,460</td>
<td>$345,239,992</td>
<td>$10,318</td>
<td>46%</td>
</tr>
<tr>
<td>Virginia Tech</td>
<td>28,717</td>
<td>$275,056,295</td>
<td>$9,578</td>
<td>52%</td>
</tr>
<tr>
<td>Ohio State</td>
<td>48,889</td>
<td>$583,698,851</td>
<td>$11,939</td>
<td>55%</td>
</tr>
<tr>
<td>Michigan State Univ.</td>
<td>43,130</td>
<td>$509,832,044</td>
<td>$11,821</td>
<td>59%</td>
</tr>
<tr>
<td>Purdue Univ.</td>
<td>38,555</td>
<td>$462,298,828</td>
<td>$11,991</td>
<td>60%</td>
</tr>
<tr>
<td>Univ. of Illinois at Urbana</td>
<td>40,951</td>
<td>$482,399,788</td>
<td>$11,780</td>
<td>61%</td>
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<tr>
<td>Cornell Univ.</td>
<td>20,218</td>
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<tr>
<td>Pennsylvania State</td>
<td>43,057</td>
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</table>
Legislative Actions 2010-2011

- NC State budget reduction of $19.7 M
- Universities given ability to raise tuition by additional $750. NC State generated $20.7 M ($4.1 M to need-based financial aid)
- Remaining budget shortfall: $3.1 M
- Previously approved campus initiated tuition increase (CITI): $150 for in-state undergraduates, $200 for all other students
- Resulting total tuition increase: $900-$950
2010-11 BUDGET REALITIES

Warwick A. Arden, Interim Provost and Executive Vice Chancellor
### 2009-2010 State Appropriations Reductions

**2008-2009 Base Budget**: $650 million*

**Minus 10% Reduction**: ($53 million)

**Plus Unfunded Continuation Budget**: $10 million

**Plus Budget Allocations**: $33 million

**2009-2010 Base Budget**: $640 million*

* Includes appropriated receipts (tuition)

<table>
<thead>
<tr>
<th></th>
<th>Base Budget</th>
<th>Total Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colleges</td>
<td>55%</td>
<td>39%</td>
</tr>
<tr>
<td>Admin</td>
<td>39%</td>
<td>58%</td>
</tr>
<tr>
<td>Utilities</td>
<td>6%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Chancellor’s Forum
## 2009-2010 State Appropriations Reductions

<table>
<thead>
<tr>
<th>2008-2009 Base Budget</th>
<th>$650 million*</th>
</tr>
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<tr>
<td>Minus 10% Reduction</td>
<td>($53 million)</td>
</tr>
<tr>
<td>Plus Unfunded Continuation Budget</td>
<td>$10 million</td>
</tr>
<tr>
<td>Plus Budget Allocations</td>
<td>$33 million</td>
</tr>
<tr>
<td>2009-2010 Base Budget</td>
<td>$640 million*</td>
</tr>
</tbody>
</table>

* Includes appropriated receipts (tuition)

### IMPACTS

- 117 faculty positions eliminated
- 323 staff positions eliminated
- 300 class sections canceled (9,750 seats)
- 3% drop in instructional capacity
- Larger classes & teaching loads
- Reduced funding for Centers & Institutes
- Less frequent building maintenance
- New construction & major R&R stopped

Chancellor’s Forum
Highlights of 2010-11 Appropriated Budget

• Increased Management Flexibility reduction from $5.7 M to $19.7 M

• Required 1% of appropriated fund budget for reversion

• Increased tuition $900/yr for undergraduates and $950/yr for graduate students and non-residents

• Funded enrollment change budget request of $19.5 M
Highlights of 2010-11 Appropriated Budget

- Provided additional $3 M in recurring funds for College of Engineering
- Approved $309,000 one-time for Emerging Issues and $200,000 recurring for Veterinary Medicine Research
- Funded $8.9 M for maintenance and operation of new facilities coming online in 2009-10 and 2010-11
- Provided $11.2 M for facility repairs and renovations
UBAC Budget Principles

• Avoid arbitrary budget reduction strategies
• Protect academic programs and support services, and critical campus services
• Invest and reallocate in support of strategic vision and goals
• Make best efforts to provide need-based financial aid
• Consider practices of peer institutions
• Review all academic and administrative processes periodically
• Units should retain resources equivalent to new efficiencies achieved
• Prioritize energy conservation and sustainability

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2010-11 Reinvestment Priorities

- Increasing seats and sections in high-demand courses
- Rebuilding capacity and hiring faculty
- Protecting library access and resources
- Student advising, counseling, career planning
- Providing infrastructure to enable the above
# 2010-11 Reinvestment Allocations

<table>
<thead>
<tr>
<th>One-Time Academic Allocations</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty Startup &amp; Enhancement</td>
<td>$3,755,025</td>
</tr>
<tr>
<td>Faculty/GA Salary &amp; Support</td>
<td>$1,246,974</td>
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<tr>
<td>Equipment</td>
<td>$1,551,376</td>
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<tr>
<td>Post Docs</td>
<td>$75,660</td>
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<tr>
<td>Classroom Upgrades</td>
<td>$1,377,488</td>
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<tr>
<td>Temporary Salaries</td>
<td>$129,243</td>
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<tr>
<td>Maintenance &amp; Operating</td>
<td>$560,500</td>
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<td>Graduate Student Support Plan</td>
<td>$2,327,867</td>
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<td>Student Support</td>
<td>$343,257</td>
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<td>TOTAL</td>
<td>$11,367,390</td>
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</table>
## 2010-11 Reinvestment Allocations

### Continuing Academic Allocations

<table>
<thead>
<tr>
<th>Position</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>25.5 Faculty Positions</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>74 Graduate Assistants</td>
<td>$1,800,000</td>
</tr>
<tr>
<td>3 Post Doc Fellows</td>
<td>$200,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$5,000,000</strong></td>
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</table>
Enrollment Growth Planning

• Campuses received increased funding for approved growth in on-campus and DE enrollment

• Funding model heavily weighted by discipline

• Overall strategy will be to limit growth in undergraduate enrollment (new freshmen) and focus on moderate graduate growth

• Going forward, enrollment funding will be tied to performance in key areas of student success
2011-13 BUDGET PROCESS

Charlie Leffler, Vice Chancellor for Finance and Business
State of North Carolina Outlook
as of August 2010

- 2009-10 revenues $290 M short of budgeted $18.8 B
- Projected 2010-11 revenue growth down from 3.2% to 2.7%
- Sales tax collections slowly recovering after 2 years of losses
- Withholding payments beginning to rebound
- Most forecasts expect uptick in economic growth by mid-2011

Source: Fiscal Research Division, NC General Assembly
Preliminary 2011-13 Budget Planning

• Expected state shortfall between $3.5 B and $4 B

• Conservative enrollment growth request is encouraged

• Plan for 5% and 10% reduction scenarios

• Campus Initiated Tuition Increase being developed

• Legislative tuition increase unknown
Types of Budget Requests

- Continuation Budget
- Expansion Budget
- Capital Improvement Budget
- Tuition
Continuation Budget

• Personnel benefits increases

• Maintenance and operation of new facilities

• General inflationary increases
  - Utilities
  - Library acquisitions
  - Medical supplies and drugs
  - Financial aid (new for 2011-13)

• Enrollment change request
2011-13 Expansion Budget Request

New or Expanded Programs - Three Priorities:

1. College of Engineering - $5 M / $5 M

2. Interdisciplinary Life and Biomedical Sciences - $5 M / $5 M

3. Enhance library services to support student success - $1.35 M / $570 K
Capital Improvement Budget Request

• Major Projects – Two Priorities:

(1) Engineering Complex & Backfill
   (EB IV, EB V, Broughton, Mann, Page, Daniels)

(2) Life Sciences Teaching and Research Facilities
   (Dabney, Gardner, Plant Sciences Building)

• Repair and Renovations
  (6 Year Plan - $171 Million Need)
Tuition

Types of Increases:

• Campus Initiated Tuition Increase (CITI)
  – CITI is retained at NC State to enhance campus programs and instruction

• Other tuition increases
  – The legislature may authorize other tuition increases
  – Revenue generated may offset state appropriations and are not returned to campus
# Budget Reduction Scenarios

<table>
<thead>
<tr>
<th>POTENTIAL REDUCTIONS</th>
<th>Base Budget</th>
<th>5% Reduction</th>
<th>10% Reduction</th>
<th>15% Reduction</th>
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<tbody>
<tr>
<td>Academic Affairs 16030</td>
<td>$422,976,007</td>
<td>$21,148,800</td>
<td>$42,297,601</td>
<td>$63,446,401</td>
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<td>Agricultural Research 16031</td>
<td>$59,239,461</td>
<td>$2,961,973</td>
<td>$5,923,946</td>
<td>$8,885,919</td>
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<tr>
<td>Cooperative Extension 16032</td>
<td>$43,539,609</td>
<td>$2,176,980</td>
<td>$4,353,961</td>
<td>$6,530,941</td>
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<tr>
<td>Total University</td>
<td>$525,755,077</td>
<td>$26,287,754</td>
<td>$52,575,508</td>
<td>$78,863,262</td>
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Budget Planning Process Schedule

September 15, 2010  Expansion Budget Priorities
September 15, 2010  6-Year Plan for Capital Projects
September 22, 2010  6-Year Plan for Non-Appropriated Projects
September 24, 2010  Campus Safety / Security Priorities
September 29, 2010  6-Year Plan for Repair and Renovations
October 12, 2010    Campus 3% & 6% Reduction Plan Due
October 25, 2010    Reduction Scenarios Due to UNC-GA
RESOURCE STRATEGIES TASK FORCE
Strategic Planning

Randy Woodson, Chancellor
<table>
<thead>
<tr>
<th>Resource Strategies Task Force</th>
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<tbody>
<tr>
<td>David Bristol, Co-Chair</td>
</tr>
<tr>
<td>Roby Sawyers, Co-Chair</td>
</tr>
<tr>
<td>Charlie Coe</td>
</tr>
<tr>
<td>Paul Cohen</td>
</tr>
<tr>
<td>Cindy DeLuca</td>
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<tr>
<td>Lance Fusarelli</td>
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<tr>
<td>Barry Goldfarb</td>
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<tr>
<td>Christopher Gould</td>
</tr>
<tr>
<td>Richard Gould</td>
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<tr>
<td>Kevin Howell</td>
</tr>
<tr>
<td>Nevin Kessler</td>
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<tr>
<td>Steve Keto</td>
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<td>Charlie Leffler</td>
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<tr>
<td>Rick Liston</td>
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<tr>
<td>Tim Luckadoo</td>
</tr>
<tr>
<td>Raj Narayan</td>
</tr>
<tr>
<td>Matt Peterson</td>
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<tr>
<td>Rob Stevenson</td>
</tr>
</tbody>
</table>
Resource Strategies Task Force

• How can we increase our capacity for teaching, research, and service in light of resource constraints?

• What are realistic goals and strategies for reducing our reliance on state funding?

• Should we consider Resource-Centered Management (RCM) or other alternative resource allocation methods?

• What is the best strategy for allocating instructional resources, including distance education?
QUESTIONS?

Randy Woodson, Chancellor
Warwick Arden, Interim Provost and Executive Vice Chancellor
Charlie Leffler, Vice Chancellor for Finance and Business

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