

Governor's Budget Recommendations  
NC State University Summary  
2009-11 Biennium  
Updated – April 8, 2009

The Governor's Budget Recommendation for the 2009-11 biennium becomes the starting point for the General Assembly's work on the biennial appropriation bill. The Governor's budget is first sent to the Senate and the Senate version of the appropriation bill will then be sent to the House. A conference committee will then craft the final appropriation bill that is returned to the Governor for signature or other action.

1. Governor's budget projects \$19.4 billion in 2009-10 and \$20.6 billion in 2010-11; proposes \$1 per pack cigarette tax increase and 5% alcohol tax increase – plus Federal Stimulus funds of \$1.7 billion in 2009-10 and \$1.2 billion in 2010-11.
2. Fully funds the BOG Request for Student Financial Aid – UNC system request was for \$23.4 million
3. Reduces recurring state appropriated budget through two primary actions:
  - a. Management Flexibility reduction is 3.6% for 2009-10 and 3.2% for 2010-11 (Budget Book itself has the years mis-labeled as 2010-11 and 2011-12)
  - b. Funds salaries and benefits budget at 98% (97% for rest of state government)

(NOTE – these reductions are approximately equivalent to the 5% reduction plans that colleges and divisions have submitted for 2009-10.)

4. NC State Section of the budget (Education Volume 1) reflects the Continuation or Base Budget recommendations and forms the starting point for the Governor's Budget Recommendation:
  - a. Enrollment Change increase is fully funded (\$11.9 million requirements/\$5.9 appropriated)
  - b. Library inflationary increase request of \$1.5 million was not recommended; proposed budget also reduces NC Live funding by 10% (\$145,440)
  - c. Utilities inflationary increase request of \$3.8 million is recommended.
  - d. New Building operating funds are reduced:
    - i. Recurring operating budget request is reduced by 25%
    - ii. Non-recurring budget request is eliminated
  - e. No recommended funding for NC State's Expansion Budget requests.
5. Capital Improvements
  - a. No funding recommended for Repairs and Renovations
  - b. No debt financing is recommended
  - c. Only 2009-10 state funding for higher education is \$10 million for the UNC-CH Biomedical Research Imaging Center-additional funding of \$229.5 million to be funded by debt financing starting in 2010-11
6. Teachers and State employees
  - a. No salary increase is recommended
  - b. State Health Plan – recommends \$125 million in 2009-10 & \$228 million in 2010-11 to support 7.4% increase in employer paid premiums
  - c. Allocates \$21 million each year to Retirement System to maintain actuarially sound status.
  - d. Budget employer paid health insurance funds at actual costs instead of per employee (does not impact employee health insurance cost) – \$25 million reduction statewide
  - e. Freeze Longevity pay for state employees but not negatively impacting retirement calculations (NC State's Longevity Budget of about \$1.4 million will be reduced) - \$173 million statewide.
  - f. All SPA employees to be awarded bonus leave in lieu of Longevity Pay in each year of the biennium, based on years of state service:
    - i. Less than 10 years = none
    - ii. 10 – 15 years = 32 hours
    - iii. 15 – 20 years = 48 hours
    - iv. 20 – 25 years = 68 hours
    - v. Over 25 years = 94 hours
  - g. Office of State Personnel Reserve for Salary Adjustments is eliminated - \$4.5 million statewide