

December 22, 2010

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MEMORANDUM

TO: Vice Chancellors and Deans

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

SUBJECT: State Appropriated Funds Budget Update

Much about next year's budget is still unknown as we continue to plan for the impact of the estimated \$3.7 billion state budget short fall. You will find attached a memorandum from Presidents Bowles and Ross in response to the December 17 memorandum from State Budget Director Charles Perusse (also attached). The bottom line of these communications is twofold: 1) for 2010-11 we will be required to submit an additional 2.5% budget reversion and will be limited to filling only critical vacant positions; and 2) we are to develop strategies for meeting a recurring budget reduction in 2011-12 of up to 15%.

In response to the additional 2.5% reversion for 2010-11, we have reserved funds to accommodate a reversion in this range without requiring additional reductions from the campus. We believe that our planning for this reversion complies with the requested limitations on purchase orders, travel, and training noted in the attached memos. Therefore, please make every effort to promptly complete essential acquisitions and related projects funded by reinvestment allocations.

While the memoranda restricts filling vacancies to critical positions paid from state appropriated funds (projects 201000 – 249999 for Academic Affairs and Ag Research and Cooperative Extension budget codes), the Bowles/Ross memorandum delegates the responsibility for the approval of filling critical positions to the Chancellor. For this purpose, "critical" positions include all teaching faculty positions (including adjunct/affiliate and part-time teaching faculty), graduate assistants, professional librarians, and public safety officers. These positions may be filled following current procedures but must be reported on a monthly basis using the attached template (Filled Position Report – Attachment A).

Filling any other position that you believe is "critical" to the mission of the University must be submitted for prior approval to the Provost (for colleges, Student Affairs and Provost Units) or to the Vice Chancellor for Finance and Business (all other administrative units). To request approval of other "critical" positions, use the attached template (Preapproval for Hiring Essential Personnel – Attachment B) as we are now required to file a monthly report on hiring activities.

Considering the 2011-12 budget, the Bowles/Ross memorandum requires each university to develop strategies, not specific budget reduction plans, for meeting a recurring budget reduction of up to 15%. You will remember that we asked for 6% reduction plans from you to meet a recurring 10% state appropriated funds budget reduction. So, to meet a 15% University reduction plan you should expect a 10% to 11% budget reduction that would be allocated, to the extent possible, following the University's budget principles.

Since it is imperative that you finalize your course schedules for the Fall 2011 semester within the next few weeks and begin planning adequate lead time for any required terminations and severance payments, we are directing the following for 2011-12:

1. Assume a recurring state appropriated fund budget reduction in the 10% to 11% range will have to be implemented. Your thoughts on strategies, not a specific budget reduction plan, you will use to achieve this level of reduction will be requested in early January.
2. Schedule your Fall 2011 courses on that reduced funding level and be prepared to submit the impact of this action on seats and sections. Also, please determine the feasibility of adding additional seats and sections just prior to the start of the semester if the final reduction is less.
3. Begin to identify positions that will need to be abolished to meet your reduction obligation and resist filling vacant positions that will be included in your 10% to 11% budget reduction plan. Determine the last date possible for terminating staff so that you will still have sufficient funds available for severance and annual leave payouts.
4. Provide us with any thoughts or suggestions you have that might result in significant cost savings in our state appropriated budget – not just in your organization but campus-wide.

We realize the above guidance is being offered in the absence of a final Strategic Plan. However, we have little choice but to begin moving toward implementation of budget reductions at this time in an attempt to minimize the impact on our students, faculty and staff.

Please let us know if you have questions or suggestions.

Attachments

cc: Chancellor W. Randolph Woodson
University Budget Advisory Committee
University Finance Officers