

October 13, 2008

TO: Executive Officers and Deans

FROM: Larry Nielsen, Provost and Executive Vice Chancellor
Charles D. Leffler, Vice Chancellor for Finance and Business

SUBJECT: 5% Budget Reversion Information

On September 19, we forwarded to you a directive from the Governor's Budget Director directing a 2% reduction in our cash allotments that translates to being a one-time budget reversion. President Bowles has now directed that all UNC universities begin planning immediately for a budget reversion (one-time) of 4% as we communicated to you this past Friday, October 10. We hope you have already started to evaluate your budgets and spending plans for the balance of the fiscal year to enable you to realize your share of the budget reversion.

In determining this allocation of the budget reversion, the Chancellor has agreed to the following:

- The first 25% of the reversion will be split between the University's Tuition Reserve and other funds in the University Reserves generated by the Enrollment Change funding formula but not yet allocated to the colleges and divisions;
- The second 25% of the reversion will be allocated using the guidelines of the University Advisory Budget Committee which will exclude from the reversion the teaching faculty and utilities budget lines;
- The balance or remaining 50% of the reversion will be allocated across-the-board since this is a one-time action that can best be met by holding positions vacant, eliminating or reducing discretionary expenditures for travel, supplies, and equipment, and delaying major expenditures for renovations and repairs.

We do not yet have exact figures for your share of the reversion. Once all of the final budget revisions for the enrollment change, legislative increase, and expansion budget have been approved by the State Budget Office and loaded into our Financial System, the University Budget Office will send you your reversion target amount along with a spreadsheet template to be submitted with your reversion plan by the end of the week. However, we ask that you begin your preliminary planning by assuming a reversion that is equal to 3% of the state appropriated budget (Projects 201000 - 249999).

Please plan to submit by November 7, 2008 a narrative explanation of your plan to meet this 3% budget reversion. Accompanying your narrative should be a breakdown of the necessary budget actions by project and account that will result in your assigned reversion. We encourage you to involve faculty and staff within your unit as you develop the reversion plan.

Beginning in the third week of November, we will be scheduling times for each of you to discuss your budget reversion plan with us. This discussion will enable us to be clear on the actions you are taking to meet the reversion and help us prepare an overall recommendation to the Chancellor. Although we have not received any instructions yet, we are confident that UNC-GA and the State Budget Office will require specific reports at some time in the near future.

Finally, please be aware that a permanent budget reduction of some significant amount is inevitable for the coming 2009-11 biennium. While that will be a separate budget planning process, your actions to meet the immediate challenges of this budget reversion should be developed with the permanent budget reduction in mind.

We appreciate your cooperation and assistance in this most unpleasant task.