

October 1, 2008

MEMORANDUM

TO: Executive Officers and Deans

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

SUBJECT: 2008-09 Planning for Budget Reductions

On September 19, we forwarded to you a memorandum from Charles Perusse, State Budget Director, notifying state agencies and institutions of a 2% annualized reduction in cash allotments of state appropriated funds. This translates to a one-time reversion of state appropriated funds but the state budget situation is very tenuous and tied closely to the difficulties of the state and nation's economy.

There is no guarantee that the reversion will remain at 2% and, similarly, it is too early to tell what impact the current downturn in state revenues will have on the 2009-11 biennial budget that will be under consideration by the General Assembly in January. Therefore, we are asking you to do the following:

1. Take immediate action to reduce your planned 2008-09 expenditures by 2% of your annual appropriated budget. We will be sending you a specific dollar amount for your share of the reversion in the near future, but the 2% target will provide you some guidance in your budget planning, especially in the event the reversion amount is increased. We encourage you to review the guidelines included with Mr. Perusse's memorandum but we are not, at this time, taking specific action to freeze vacant positions, restrict travel, or limit purchases. We will be requiring a brief narrative explaining your actions to generate your share of the reversion that should describe how you have addressed these three topics in your budget planning.
2. Given this one-time reversion and the clear potential for a recurring budget reduction for 2009-11, please take the time now to begin identifying areas where you would take permanent reductions or eliminations of continuing, ongoing programs or services. We strongly suggest you look for programs and activities that can be completely ended rather than issuing across-the-board reductions for all your budget areas.
3. Expect that during the coming months we will have several opportunities to discuss budgetary actions in the context of our UNC Tomorrow report, strategic plan, focus areas, and the PACE process. We will need to consider curtailing campus-wide programs and services or activities as well as those that may be in your college or division. To that end, we are currently discussing the possible impact and allocation scenarios with the University Budget Advisory Committee and campus leadership.

We should have the allocation plan for this one-time reversion sent to you by next week.