

November 10, 2008

TO: Vice Chancellors and Deans

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

SUBJECT: Budget Planning Meetings

Thank you for submitting your plan to take a 4% reversion plan. We have sessions scheduled with each of you to discuss your budget strategy and impact, and we'll be reviewing your plans (and perhaps providing some feedback) between now and then. In the meantime, the State Budget Office has notified the University that the Governor has officially increased the university system reversion to the 4% level, and in turn the President has asked that we use 5% as our planning target. Taking this change into consideration, we would like to utilize these upcoming discussion sessions to accomplish several things:

1. Understand your strategy to meet the 4% reversion and its impact, especially on student-related matters (we will have a short list of questions prepared at the beginning of the meeting, and we will try to get these to you in advance).
2. Understand the compounded impact of the reduction in other funding sources (e.g. foundations, endowment income, sales and service receipts) that you may have traditionally used to offset a loss of appropriations.
3. Discuss how you would achieve the additional 1% reversion just announced and any later reversions that might come along this year for 2008-09.
4. Begin a discussion of how you would take a **recurring** budget reduction in the 2009-11 biennium that could be as high as 7%.
5. Receive your candid suggestions of programs, services, and other university activities beyond your organization that might warrant elimination, reduction, process improvement, centralization, decentralization or outsourcing.

We know that you want more certainty about the budget situation, but we probably won't know anything definitively for several months, and we may have a long legislative session that extends through next summer. Therefore, please be prepared to spend considerable time on budget matters over the coming months, as we will be expected to prepare factual and realistic responses to a myriad of budget reduction planning scenarios.

We are beginning to design a budget planning process that will lead us to the best possible outcome for our students and other clients, as well as our faculty and staff. Although painful, a budget situation like this gives us the explicit responsibility to take actions that we may have avoided in better times. If we proceed together as leaders of the university, this is just one more step in the strategic improvement of NC State.

Thank you for your efforts.

c: Chancellor James Oblinger
University Budget Advisory Committee