

NC STATE UNIVERSITY

An Equal Opportunity/Affirmative Action Employer

Campus Box 7201/B Holladay Hall  
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October 1, 2010

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**MEMORANDUM**

TO: Vice Chancellors and Deans

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



SUBJECT: Required 2011-13 Budget Reductions

As you know, the Governor has directed all state agencies to prepare recurring budget reduction plans at the 5%, 10%, and 15% levels for 2011-13. However, we have been instructed, at this time, by UNC-General Administration to submit only two budget reduction scenarios that equal 5% and 10% of the state general fund appropriation in each of our three state budget codes (see Budget Memorandum #5 at <http://www.northcarolina.edu/finance/budget/index.htm>).

A 10% reduction breaks down as follows:

<u>Budget Code</u>	<u>State Appropriation.</u>	<u>10% Reduction</u>
16030 – Academic Affairs	\$422,976,007	(\$42,297,601)
16031 - Agricultural Research Service	59,239,461	(5,923,946)
16032 - Cooperative Extension Service	43,539,609	(4,353,961)
NC State University Total	\$525,755,077	(\$52,575,508)

It is important to remember that the continuing budget bases, to which these reductions are applied, include the appropriated tuition receipts for the Academic Affairs budget code and appropriated federal and other receipts for the Agricultural budget codes. For example, inclusion of tuition receipts in the Academic Affairs continuing budget base means that the 10% state general fund appropriation budget reduction will result in the allocation of about an 8% reduction in the University's continuing budget base.

Our initial intent in addressing this reduction plan requirement is to cover approximately 2% of this reduction through the use of funds remaining from the 2009-10 budget reductions that had been used for one-time reversions. This approach will certainly have a negative impact on "seats and sections" and eliminate most of the funding we have been judiciously conserving for both this expected reduction and reinvestments related to the developing Strategic Plan. Therefore, we are directing you to prepare and submit 3% and 6% recurring budget reduction plans for the 2011-13 biennium.

While the Academic Affairs budget reduction targets are being allocated to the campus on an across-the-board basis, the actual final reduction, when enacted by the 2011-13 appropriation bill, will be allocated to campus units taking into consideration the University Budget Advisory Committee's Budget Principles (see <http://www.provost.ncsu.edu/governance/admin-advisory-committees/budget-advis/2010-2011> and what would, by then, be Strategic Plan priorities.

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Attachment 1 displays the 3% and 6% budget reduction planning targets for each college and division.

Attachment 2 is a template for your use in submitting your 3% and 6% budget reduction priorities to the University Budget Office. Separate narratives explaining the impact of each reduction plan should accompany the spreadsheet.

**Please work toward returning your completed spreadsheet and a narrative explanation of your reduction plan to the University Budget Office at [budshare@gw.ncsu.edu](mailto:budshare@gw.ncsu.edu) no later than noon on Tuesday, October 12. Our deadline for response is very short so we will not be able to extend this due date.**

cc: Chancellor Woodson  
Steve Keto  
Barbara Moses  
Vicki Pennington  
University Finance Officers