

NC STATE UNIVERSITY

MEMORANDUM

TO: University Leadership

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



SUBJECT: Strategic Resource Management

DATE: November 18, 2013

As you are all aware, we submitted our FY 13-14 University Budget Reduction Plan to UNC General Administration last month, which included over \$21 M in cuts and resulted in the loss 193.8 employee FTEs. After weathering several of the worst budgets in our history and continually finding for ways to increase our efficiency, we know little is left to absorb this most recent round of cuts.

There's a significant shift occurring in the way public higher education is funded in North Carolina and beyond. To continue the momentum we've created through the implementation of our Strategic Plan, we must consider our finances from a longer, more strategic perspective than we have in the past and move beyond our typical unit by unit and year by year method of budgeting.

Supporting Our Strategic Priorities

We estimate that approximately \$75 million in continuing funds need to be identified over the coming years to ensure that we can keep moving forward with our strategic plan. Our current task is to determine where those resources will come from; we anticipate that funds will be generated through a combination of cost-cutting initiatives, new resource opportunities and reallocation of existing resources – and we are open to any and all suggestions and ideas. The possibility of repeated recurring reallocations from unit base budgets had been mentioned earlier as one option for generating funds centrally, a strategy that other universities have implemented in similar circumstances, but we do not wish to imply that that is our only option. However, it is important to note that the internal reallocation of resources is likely to be a component of our future strategic budget plan.

We have assembled a working group, to be facilitated by Duane Larick, Senior Vice Provost for Academic Strategy and Resource Management, and Ginger Burks, Director of Cost Analysis, that will be helping us to explore the most promising resource generation, cost-cutting and reallocation options available over the next few months. In addition to identifying resources to support our strategic plan, we also plan to review existing funding and incentive mechanisms for

the generation of on-campus and distance education student credit hours, the financial and faculty support of graduate students and the allocation of graduate student assistantships.

Opportunities for Input and Next Steps

This fall, we are meeting with the various on-campus constituencies and leadership groups, seeking discussion and input on our path forward. We have also created an online form at <http://go.ncsu.edu/ideas> for individuals to submit suggestions and ideas by Friday, December 13 for review by the working group. The most promising opportunities will be investigated to determine their suitability for implementation at NC State; we anticipate sharing a list of recommendations with Chancellor Woodson in the spring for further discussion and review. Overall, we envision this as an iterative process, with strategies being implemented over the next few years, however, some strategies may need to be implemented as soon as possible to impact the coming fiscal year and we will inform you of these as they arise.

Thank you for your assistance in ensuring that NC State makes the most strategic, effective and efficient use of its resources.

Related Communications

10/15/13 Chancellor Woodson on Impacts of State Budget on NC State
<http://info.ncsu.edu/chancellor/letters/impacts-of-state-budget-on-nc-state/>

cc: Chancellor Woodson, Duane Larick, Ginger Burks