



July 6, 2009

MEMORANDUM

TO: Deans and Vice Chancellors

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

SUBJECT: UNC-GA Required 2009-10 Budget Reduction

The University has been directed by UNC-General Administration to submit, by July 17, 2009, budget reductions that equal 10% of the proposed 2009-10 continuing state general fund appropriation for each of our three state budget codes. This breaks down as follows:

<u>Budget Code</u>	<u>State Appropriation</u>	<u>10% Reduction</u>
16030 – Academic Affairs	\$425,238,811	(\$42,523,881)
16031 - Agricultural Research Service	61,973,204	(6,197,320)
16032 - Cooperative Extension Service	46,259,104	(4,625,910)
NC State University Total	\$533,471,119	(\$53,347,111)

The budget reduction for the Academic Affairs budget that was implemented in April provided \$20,394,808 of the required \$42,523,881 total reduction, leaving \$22,129,073 to be taken from the June 15, 2009 budget reduction submissions. We then assigned certain amounts of the reduction at the University level that resulted in the allocation to the campus' colleges and divisions of \$13,872,300 as displayed on Attachment 1. Instructions and a template for your use in submitting your final reduction plan to the University Budget Office will be sent to you as soon as we have received instructions from UNC-General Administration. **Your reduction template and narrative must be received by the University Budget Office no later than noon, Friday, July 10.**

The budget reduction allocations were not set formulaically. Rather, these allocations were established for each unit based on your submissions for the initial "5%" and additional "9%" reductions, our discussions with each of you during the past two weeks, the level of university-level reductions ready for enactment, the University's (UBAC) Budget Principles, and university priorities as established through strategic planning. These allocations have been approved by the Chancellor.

When preparing your final budget reduction plan for 2009-10, please observe the following guidelines:

- Educational Technology Fee – To the extent possible, avoid shifting additional personnel expenses to your ETF budget. Please observe existing ETF spending guidelines.
- Enrollment targets – We expect to receive full enrollment funding for both years of the biennium. Since this funding is based on the enrollment targets that the Deans agreed to last fall, we expect you to honor these targets. Avoid reducing the number or value of grad assistantships and stipends, which could lower graduate enrollment, and avoid unplanned shifts from on-campus to DE. Longer-term enrollment goals may be reconsidered.
- General Education Program – Colleges are expected to continue offering sufficient general education courses to meet demand.
- Shifting costs – Avoid shifting costs from one state appropriated unit to another state appropriated unit.
- Development – Hesitate to reduce development capabilities. Strengthening them will be critical for the university to recover from these reductions.
- Bridging strategies - While your reduction must be recurring, we understand that you may have to take some one-time bridging actions to balance your 2009-10 budget.

Attachment 2 provides the budget reduction target for Centers and Institutes for affected colleges and divisions. These amounts are included in the “Grand Total” budget reduction and the cuts are required to be allocated to specific Centers and Institutes for each unit. While your final reduction plan must include cuts to Centers and Institutes that total to this amount, you may decide which Centers or Institutes within your unit receives the cut.

The recurring budget reduction plan that you submit on Friday, July 10th will be implemented. Your submission is expected to closely correspond to the priorities in your June 15 submitted budget reduction plan and the previous 5% plan. Please note and explain any major changes to your priorities in the transmittal email accompanying your final reduction plan. As soon as the 2009-10 state budget is determined and final allocations have been made by the Board of Governors, the Chancellor anticipates reallocating any variance between our 10% submission and the actual reduction to our highest strategic priorities.

We appreciate the substantial work required to make these submissions. Thank you.

cc: Chancellor James H. Woodward
University Budget Advisory Committee
University Business Officers

NC State University

UNC-GA Budget Reduction Allocation

2009-10 State Appropriated Funds Budget

2008-09 State Appropriated Continuing Base Budget

Class 212, 214, 215, 216

Purpose codes 101, 106, 110, 142, 151, 152, 160, 170, & 180

(Excludes Appropriated Receipts operations & Financial Aid)

Attachment 1

7/6/2009

	Acad Affairs	Aq Research ¹	Coop Ext ¹	University
2009-10 Continuing Base Budget	\$425,238,811	\$61,973,204	\$46,259,104	\$533,471,119
UNC-GA required Reduction	(\$42,523,881)	(\$6,197,320)	(\$4,625,910)	(\$53,347,111)
"5%" reductions	\$20,394,808	\$3,064,329	\$2,269,415	25,728,552
Additional Reduction	(\$22,129,073)	(\$3,132,991)	(\$2,356,495)	(\$27,618,559)
University Level adjustments:				
Unfunded Continuation budget Increase	\$4,819,823	\$617,420	\$869,297	\$6,306,540
Adm Srv Chrg incr to auxiliaries/trusts	1,600,000			1,600,000
Personnel Benefits	1,174,257			1,174,257
Utilities	662,694			662,694
Net Additional reduction to Campus	(\$13,872,300)	(\$2,515,571)	(\$1,487,198)	(\$17,875,068)

OUC	Description	2008-09 Continuing Base Budget	Initial "5%" Reduction		Additional Reduction required to meet UNC-GA budget reduction		Grand Total UNC-GA Reduction	Total Reduction Percent	Required ² Centers & Institutes/Cuts
			Reduction Allocation	Reduction Percent	Additional Reduction	Reduction Percent			
02	Vice Chancellor/Provost	\$12,609,360	(\$2,381,911)	-18.89%	(\$468,700)	-3.72%	(\$2,850,611)	-22.61%	(\$105,000)
25	NCSU Libraries	23,639,179	(867,558)	-3.67%	(1,031,200)	-4.36%	(1,898,758)	-8.03%	
31	Undergraduate Academic Program	4,985,570	(234,858)	-4.71%	(1,084,400)	-21.75%	(1,319,258)	-26.46%	
32	Division of Enrollment Management	3,921,756	(248,854)	-6.35%	(154,500)	-3.94%	(403,354)	-10.29%	
33	Distance Education & Learning	14,086,316	(653,888)	-4.64%	(754,900)	-5.36%	(1,408,788)	-10.00%	
35	Diversity and Inclusion	1,141,596	(69,694)	-6.10%	(45,000)	-3.94%	(114,694)	-10.05%	
38	Equal Opportunity & Equity	1,048,276	(66,455)	-6.34%	(41,300)	-3.94%	(107,755)	-10.28%	
39	Office of International Affairs	1,366,898	(86,736)	-6.35%	(53,800)	-3.94%	(140,536)	-10.28%	
	Total Provost/Vice Provost Units	\$62,798,951	(\$4,609,954)	-7.34%	(\$3,633,800)	-5.79%	(\$8,243,754)	-13.13%	(\$105,000)
Colleges:									
11	Agriculture and Life Sciences	\$23,655,278	(\$458,100)	-1.94%	(\$744,900)	-3.15%	(\$1,203,000)	-5.09%	in 16031
12	Design	7,483,247	(199,046)	-2.66%	(186,200)	-2.49%	(385,246)	-5.15%	
13	Education	15,593,281	(459,175)	-2.94%	(465,500)	-2.99%	(924,675)	-5.93%	(238,475)
14	Engineering-ex SolarCenter fr Dept of Energy	65,460,205	(2,123,862)	-3.24%	(1,838,900)	-2.81%	(3,962,762)	-6.05%	(322,296)
15	Natural Resources	7,721,681	(233,522)	-3.02%	(256,000)	-3.32%	(489,522)	-6.34%	
16	Humanities & Social Sciences	33,888,169	(580,048)	-1.71%	(558,600)	-1.65%	(1,138,648)	-3.36%	(20,454)
17	Physical & Mathematical Sciences	34,334,098	(587,681)	-1.71%	(744,900)	-2.17%	(1,332,581)	-3.88%	(833,129)
18	Textiles	7,948,513	(354,007)	-4.45%	(325,900)	-4.10%	(679,907)	-8.55%	(34,017)
19	Veterinary Medicine	27,233,870	(1,145,783)	-4.21%	(954,300)	-3.50%	(2,100,083)	-7.71%	(51,144)
20	Management	19,464,270	(467,951)	-2.40%	(465,500)	-2.39%	(933,451)	-4.80%	
	Total Colleges	\$242,782,612	(\$6,609,175)	-2.72%	(\$6,540,700)	-2.69%	(\$13,149,875)	-5.42%	(\$1,499,515)
	Total Provost and Colleges	\$305,581,563	(\$11,219,129)	-3.67%	(\$10,174,500)	-3.33%	(\$21,393,629)	-7.00%	(\$1,604,515)
Other Institutional Support									
01	Chancellor's Units	\$4,262,517	(\$265,292)	-6.22%	(\$175,000)	-4.11%	(\$440,292)	-10.33%	(56,109)
05/22	Student Affairs/Housing	5,439,443	(254,614)	-4.68%	(\$254,000)	-4.67%	(508,614)	-9.35%	
06	Research-excludes Marine Fisheries	3,367,318	(213,672)	-6.35%	(\$142,000)	-4.22%	(355,672)	-10.56%	(64,026)
04	Graduate School-excludes GSHI	2,617,282	(145,489)	-5.56%	(\$117,000)	-4.47%	(262,489)	-10.03%	
08	University Advancement	6,012,185	(381,501)	-6.35%	(\$92,400)	-1.54%	(473,901)	-7.88%	
09	Extension, Engagement & Econ Dev.	3,420,089	(217,020)	-6.35%	(\$166,000)	-4.85%	(383,020)	-11.20%	(94,189)
27	Office of Legal Affairs	916,539	(58,159)	-6.35%	(\$22,000)	-2.40%	(80,159)	-8.75%	
4X	Finance & Business	58,523,876	(4,150,870)	-7.09%	(\$1,954,400)	-3.34%	(6,105,270)	-10.43%	
51	Office of Information Technology	23,579,821	(1,582,502)	-6.71%	(\$775,000)	-3.29%	(2,357,502)	-10.00%	
	Total Other Institutional Support	\$108,139,070	(\$7,269,119)	-6.62%	(\$3,697,800)	-3.42%	(\$10,966,919)	-10.14%	(\$214,324)
	Sub-Total Academic Affairs	\$413,720,633	(\$18,488,248)	-4.28%	(\$13,872,300)	-3.35%	(\$32,360,548)	-7.82%	(\$1,818,839)
	Personnel Benefits Budget	69,737,748	(1,383,503)	-1.98%	(1,174,256)	-1.68%	(2,557,759)	-3.67%	
4Y	Utilities	30,558,575	(523,057)	-1.71%	(\$662,694)	-2.17%	(1,185,751)	-3.88%	
	University Reserves	2,750,000	0	0.00%		0.00%	0	0.00%	
	Administrative Service Charge to auxil/trusts				(1,600,000)		(1,600,000)		
	Unfunded Continuation Budget Increases				(4,819,823)		(4,819,823)		
	Total Academic Affairs	\$516,766,956	(\$20,394,808)	-3.95%	(\$22,129,073)	-4.28%	(\$42,523,881)	-8.23%	(\$1,818,839)
	Agricultural Research Service	71,944,242	(3,064,329)	-4.26%	(3,132,991)	-4.35%	(\$6,197,320)	-8.61%	(374,601)
	Cooperative Extension Service	60,903,931	(2,269,415)	-3.73%	(2,356,495)	-3.87%	(\$4,625,910)	-7.60%	
	Total University	\$649,615,129	(\$25,728,552)	-3.96%	(\$27,618,558)	-4.25%	(\$53,347,111)	-8.21%	(\$2,193,440)

1 - Full amount of the Agriculture Research and Cooperative Extension reductions are made to the College of Agriculture and Life Sciences.
 2 - This component of the reduction is included in the grand total and can be specifically taken from any center or institute within the unit.

Centers & Institutes Reductions

NC State University

2009-11 State Appropriation Summary

Per House Appropriations Bill - Report on the Continuation, Expansion and Capital Budgets, June 13, 2009

Attachment 2

7/6/2009

Center	Unit/College	2009-10			2010-11				
		UNC System	Academic Affairs	Ag Research Service	Coop Extension	UNC System	Academic Affairs	Ag Research Service	Coop Extension
Animal & Poultry Waste Mgmt Ctr.	CALS - 16031	(81,941)		(81,941)		(81,941)		(81,941)	
Ctr for Environmental & Resource Economic Policy	CALS - 16031	(62,360)		(62,360)		(62,360)		(62,360)	
Center for Integrated Fungal Research	CALS - 16031	(38,100)		(38,100)		(38,100)		(38,100)	
Center for Plant Breeding & Applied Plant Genomics	CALS - 16031	(116,071)		(116,071)		(116,071)		(116,071)	
Center for Quantitative Sciences in Biomedicine	CALS - 16031	(11,176)		(11,176)		(11,176)		(11,176)	
Center for the Biology of Nematode Parasitism	CALS - 16031	(64,964)		(64,964)		(64,964)		(64,964)	
Institute for Emerging Issues	Chancellor's Office	(66,109)		(66,109)		(66,109)		(66,109)	
Center for Family and Community Engagement	CHASS	(20,464)		(20,464)		(20,464)		(20,464)	
Ctr for Chem Toxicology & Rsrch Pharmacokinetics	CVM	(51,144)		(51,144)		(51,144)		(51,144)	
Friday Institute for Education Innovative	Education	(206,716)		(206,716)		(206,716)		(206,716)	
Center for R&D in Math and Science Ed.	Education	(31,769)		(31,769)		(31,769)		(31,769)	
Analytical Instrumentation Facility	Engineering	(31,300)		(31,300)		(31,300)		(31,300)	
Furniture Manufacturing and Mgmt Ctr	Engineering	(64,622)		(64,622)		(64,622)		(64,622)	
Institute for Manufacturing Systems Engineering	Engineering	(21,143)		(21,143)		(21,143)		(21,143)	
Minerals Research Lab	Engineering	(67,000)		(67,000)		(67,000)		(67,000)	
Ergonomics Center of NC	Engineering	(140,831)		(140,831)		(140,831)		(140,831)	
Center for High Performance Simulation	Engineering & PAMS	(17,400)		(17,400)		(17,400)		(17,400)	
Center for Urban Affairs and Community Services	Ext. & Engagement	(6,089)		(6,089)		(6,089)		(6,089)	
Encore Center for Lifelong Enrichment	Ext. & Engagement	(71,243)		(71,243)		(71,243)		(71,243)	
Gen. Hugh Shelton Leadership Ctr	Ext. & Engagement	(16,867)		(16,867)		(16,867)		(16,867)	
Institute for Statistics	PAMS	(833,129)		(833,129)		(833,129)		(833,129)	
Millenium Seminar Program	Provost	(106,000)		(106,000)		(106,000)		(106,000)	
Water Resources Institute	Research	(64,026)		(64,026)		(64,026)		(64,026)	
Nonwovens Institute	Textiles	(34,017)		(34,017)		(34,017)		(34,017)	
Other UNC Institutions Centers & Institutes	N/A	(10,863,760)		(10,863,760)		(10,863,760)		(10,863,760)	
Total Centers & Institutes		(\$13,047,190)		(\$1,818,839)		(\$1,818,839)		(\$1,818,839)	(\$374,601)