



# The University of North Carolina

GENERAL ADMINISTRATION

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Constituent Universities  
Appalachian State  
University

East Carolina  
University

Elizabeth City  
State University

Fayetteville State  
University

North Carolina  
Agricultural and  
Technical State  
University

North Carolina  
Central University

North Carolina  
State University  
at Raleigh

University of  
North Carolina  
at Asheville

University of  
North Carolina  
at Chapel Hill

University of  
North Carolina  
at Charlotte

University of  
North Carolina  
at Greensboro

University of  
North Carolina  
at Pembroke

University of  
North Carolina  
at Wilmington

University of  
North Carolina  
School of the Arts

Western Carolina  
University

Winston-Salem  
State University

Constituent High School  
North Carolina  
School of Science  
and Mathematics

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August 19, 2010

## 2011-13 BUDGET MEMORANDUM – Number 1

**TO:** The Chancellors

**FROM:** Ernie Murphrey *Ernie P. Murphrey*

**SUBJECT:** Preparation of the 2011-13 Operating Budget Priorities

This Budget Memorandum provides instructions for the preparation of institutional requests required for the development of the 2011-13 Budget Priorities for *Current Operations expansions and improvements*. Separate memoranda will provide instructions about the preparation of priorities for capital improvements and instructions for the continuation budget process.

Your campus has recently received some instructions from the Office of State Budget and Management. Under the higher education statutes in North Carolina, expansion budget requests for the University are the responsibility of the Board of Governors. Therefore, your requests are submitted to our office and presented to the Board of Governors for inclusion in the University-wide request presented to the General Assembly.

You are well aware that the economic recovery in North Carolina will continue to be prolonged and that we are likely to face deep budget reductions again next year. The Office of State Budget and Management (OSBM) estimates that the “hole” in the \$19 billion State budget for next year is between \$2.5 billion to \$3.5 billion. For planning purposes, we are advising that you assume that budget reductions for the 2011-12 year will be at the 10% level and that you are able to increase tuition by \$500 to offset the reductions. (Both of these numbers may be far off the mark but we need to be prepared for tough times.) We understand that OSBM will request information on budget reductions as a part of its budget planning process but are providing this guidance so that you have the time needed to carefully contemplate the areas where your budgets can be further reduced.

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Even in poor economic times, the statutes require the Board of Governors to submit an expansion budget request that makes the needs of the University known to the General Assembly. In recognition of the current economic circumstances, we anticipate that this request will be very limited.

We anticipate that the Board will request funds for enrollment growth. It is likely that the request will be smaller than in previous years since campuses that are not making progress in meeting retention goals will not be able to grow their freshman class. It is clear from conversations with legislators that an enrollment growth request at last year's level will *not* be possible to fund this year. The amount of the enrollment request will be determined this fall through the usual process with our Academic Affairs and Finance staffs working directly with the appropriate individuals on your campuses. When the enrollment request is determined, we will work with the State Education Assistance Authority to determine the additional funds required for need-based financial aid. *We are not requesting information from you at this time to help in determining funds needed for either enrollment growth or need-based financial aid.*

The Board will also consider whether or not to make a recommendation for salary increase funds. At this point, we do not know if there will be a request for salary funds or, if there is, the amount of that request.

It is likely that the Board will submit a system-wide request for funding for campus safety. Associate Vice President Brent Herron will work directly with your campus safety officers to determine the highest priority needs for safety funding.

We are asking that you submit by September 15, 2010, your three highest funding needs for expansion funds, recognizing that *only* the most important priorities will be included in the final budget request presented to the General Assembly. It is important that we clearly understand your top three priorities as we develop the 2011-13 budget request. Please do *not* include multiple requests for funds within a single priority. If your request for funding relates to a new degree program, please be sure that the program has already been approved by the Board of Governors. All of your requests will be summarized and thoroughly vetted within General Administration, separately with each of you, and collectively at our Chancellor's Administrative Council Meeting on September 20, 2010. The priorities for expansion funds must be consistent with the areas of focus identified in the final report of the UNC Tomorrow Commission listed on the following page:

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- 4.1 Our Global Readiness
- 4.2 Our Citizens and Their Future: Access to Higher Education
- 4.3 Our Children and Their Future: Improving Public Education
- 4.4 Our Communities and Their Economic Transformation
- 4.5 Our Health
- 4.6 Our Environment
- 4.7 Our University's Outreach and Engagement

Your submission for expansion funds will need to contain a detailed budget for each priority as well as a narrative describing the need. For each priority, please identify any funds that you may have already reallocated to jump start the initiative and describe the specific sections of the UNC Tomorrow Commission report (three digit level) that are addressed by your proposal. Finally, for all expansion budget items, we ask that you and your staff submit requests via our web-based expansion budget system no later than September 15, 2010.

The items your campus submits must be prioritized by you. Your budget and finance staffs have previously used the budget system but if you have questions, please address them to Ginger Burks at 919-962-4604 or [ginger@northcarolina.edu](mailto:ginger@northcarolina.edu). The information submitted through the expansion budget system is considered the "official" submission from your campus. If you prefer, you may provide us with the names of individuals that you have designated to enter data in the system, and we can copy them on communications regarding the 2011-13 budget priorities.

The attached calendar for preparation of the 2011-13 Budget Priorities has been prepared with regard to your previously scheduled Chancellors' Administrative Council meetings.

All items that have a fiscal impact to the University or to the State of North Carolina must be handled through the expansion budget process. Items that do not have a fiscal impact to the University or to the State of North Carolina should be handled through the Legislative Policy Agenda for which items will be due separately to Anita Watkins and Erin Schuettpelez.

Attachment

cc: Chief Academic Officers  
Chief Finance Officers  
Chief Information Officers  
Chief Research Officers  
Chief Student Affairs Officers  
Legislative Liaisons

## The Board of Governors of the University of North Carolina BUDGET PRIORITIES CALENDAR (2011-13)

Transmittal to the Chancellors of Initial Statewide Instructions from the Office of State Budget and Management on Preparation of Budget Request..... (additional instructions, as needed, from UNC-General Administration)	August 3, 2010
Instructions from VP Murphrey to the Chancellors for preparation of Expansion Budget estimates for Current Operations (utilizing web-based system) .....	August 19, 2010
Instructions from VP Murphrey to the Chancellors for preparation of Expansion Budget estimates for Capital Improvements.....	August 23, 2010
Discussion with Chancellors of Priorities for the Expansion Budget Priorities (Admin. Council) .....	August 23, 2010
Transmittal of Enrollment Estimates from the Chancellors to the President .....	Aug. 31 – Sept. 3, 2010
Transmittal of EPA Salary Base Data from the Chancellors to the President .....	September 2010
Transmittal of Operating Budget Priorities from the Chancellors to UNC-GA .....	September 15, 2010
Transmittal of Capital Improvements expansion budget priorities from the Chancellors to the President (appropriated projects) .....	September 15, 2010
Discussion with Chancellors of Individual Campus Priorities for the Expansion Budget ...	Sept. 15 – Oct. 15, 2010
Discussion with Chancellors of Priorities for the Expansion Budget Request (Admin. Council) .....	September 20, 2010
Board of Governors' Policy Discussion on Expansion Budget Priorities .....	October 7, 2010
Transmittal of Continuation Budget Estimates from the Chancellors to the President.....	October 15, 2010
Discussion with Chancellors of Priorities for the Expansion Budget Request (Admin. Council) .....	October 18, 2010
Transmittal of the President's Budget Recommendations to the Committee on Budget and Finance and the Board of Governors .....	prior to November 2010 BOG meeting
Meeting of the Board of Governors for Consideration of the Budget Recommendations ..	November 4&5, 2010
Transmittal of the Board of Governors' Budget Recommendations to the Governor and General Assembly .....	following BOG approval
Preparation of Governor's Budget Recommendations (supplemental information provided by President's staff and the constituent institutions to the Office of State Budget and Management as requested) .....	Mid-October 2010 - Mid-January 2011
Regular Legislative Session convenes & Presentation of Governor's Budget Recommendations to the General Assembly .....	January 2011
Legislative Committee Hearings on the University's Budget Request .....	Feb - July 2011
Final General Assembly action on the Budget/Adjournment (estimated) .....	July 2011