

Policy Discussion 2:

2011 – 2013

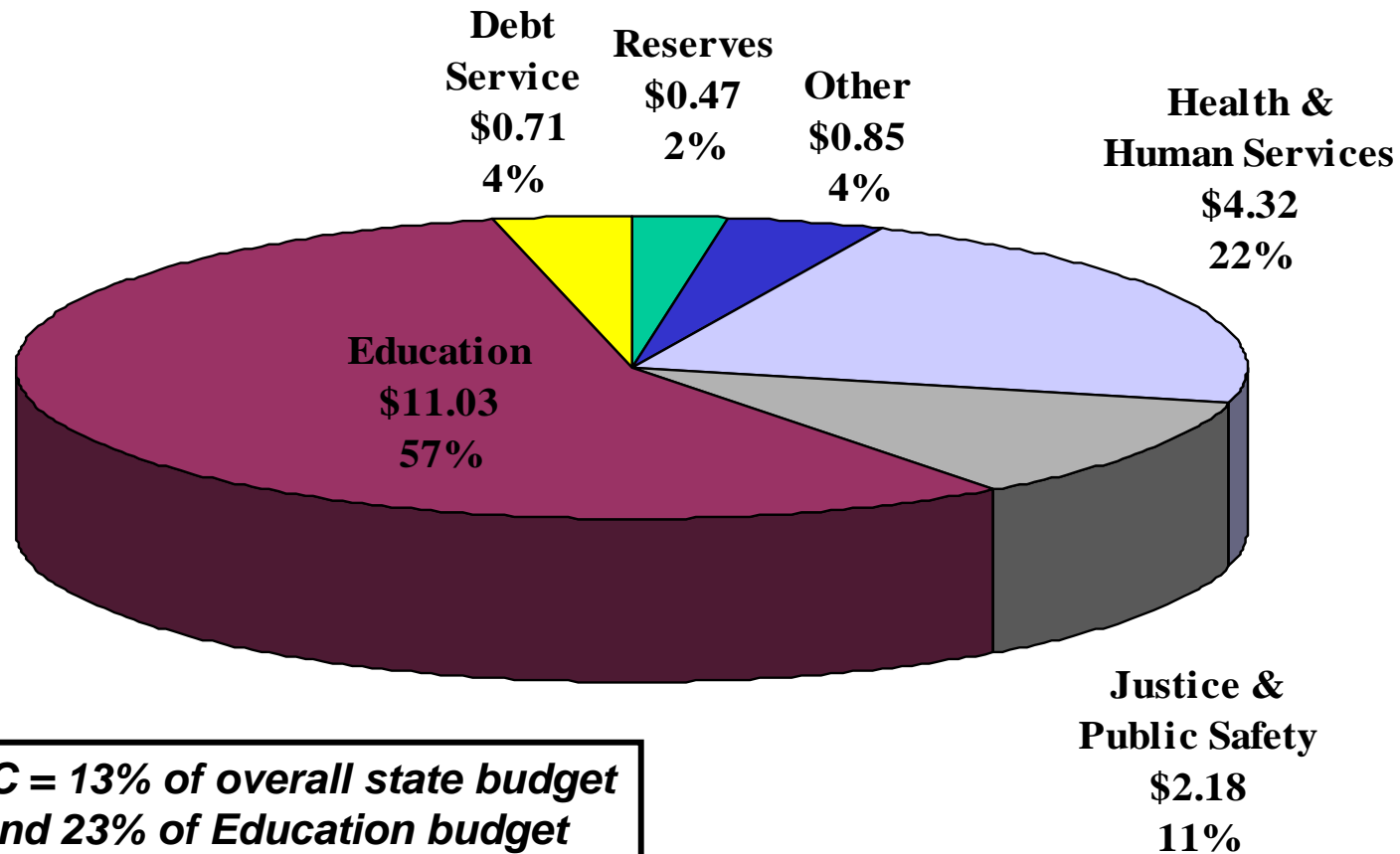
Budget

2011-13 Budget Priorities



Board of Governors' Policy Discussion

NC State Budget - \$19.6 billion 2010-11



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2011-13 Budget – Key Issues

- **Estimated \$3.2 billion budget gap**
- **Pressures on state budget:**
 - **Expiring temporary taxes (\$1.3 billion)**
 - **Loss of Federal ARRA (Recovery/Stimulus) Funds (\$1.6 billion)**
 - **Weakened economy/other (\$.3 billion)**



UNC's Statutory Responsibility

- **The Board of Governors shall develop, prepare, and present to the Governor and the General Assembly a single, unified recommended budget for all of public senior higher education. – G.S. 116-11**
- **Statute prescribes form of budget requests – three categories:**
 1. **Continuing Operations – allocated to institutions**
 2. **Academic Salary Increases – lump sum to Board of Governors and then allocated to campuses**
 3. **Expansions/Improvements Items – lump sum to Board of Governors and then allocated to campuses**



2011-13 Budget – Continuation Budget

- **Governor's Office of State Budget & Management (OSBM) has made changes to the budget process for 2011-13.**
 - **Both continuation change and expansion items must be prioritized in the University's submission**
- **Continuation Budget Items**
 - **Enrollment**
 - **Building reserves for new state-funded facilities opening during 2011-13**
 - **Replacement Vehicles & Equipment**
 - **Inflationary Increases (utilities)**
 - **Required Staff Benefits & Continuing Personnel**



Expansion Budget Process

■ Budget Preparation

- **Campus Submissions (Sept)**
- **UNC-GA Review (Sept-Oct)**
- **One-on-One Discussions with Chancellors and CEOs of Affiliates (Sept-Oct)**
- **BOG Policy Discussions (Oct-Nov)**
- **Final Recommendations (Nov)**



Overall Strategy

Current State Budget		\$2.7 billion
Budget Reduction Scenarios	5%	(\$135) million
Requested:	10%	(\$270) million

Budget Priorities for 2011-12:

Enrollment (December)	\$40 - \$55 million
2009-10: \$44,197,776	
2010-11: \$59,069,040	

Financial Aid (December)	\$55 million *
2009-10: \$23,000,000	*\$35M is currently nonrecurring
2010-11: \$34,856,563	

Change in Continuation Budget Items	\$106 million
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Expansion Items	<u>TBD million</u>
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TOTAL Continuation & Expansion Request	TBD million
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Strategy: Excluding enrollment change and student financial aid, the total requested for both the continuation budget and the expansion budget is less than the amount that would have been requested for the continuation budget alone.



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2010-11: \$34,856,563

Recommended New Funding

(Continuation and Expansion) \$105.2 million

EXAMPLE for illustrative purposes only:

Net Revenue Resulting from a \$500

Tuition Increase after 25% Set-Aside

for Financial Aid (\$23.8 million) \$71.2 million



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Reductions

	<u>5%</u>	<u>10%</u>
Positions Eliminated	800	1,700

- **Previous cuts have been taken largely in vacant positions and administrative/non-classroom areas:**
 - **These have caused reductions in service levels and campus responsiveness; and**
 - **Further significant cuts in these areas will threaten the integrity of operations.**
- **Therefore, future reductions will impact more filled positions and more faculty positions**



Reductions at 5% Level (examples)

- **Library budgets at East Carolina University would be reduced by \$2.7 million.**
- **Several campuses would eliminate already scarce physical plant positions (ECSU = 5 at 5% level).**
- **North Carolina Central University would reduce maintenance of classroom buildings, HVAC and electrical systems (\$400,000)**
- **Fewer course sections would be offered:**
 - **150 at ASU**
 - **160 at NCCU**
 - **450 – 560 at UNCG**



Reductions at 10% Level (examples)

- **Fewer course sections would be offered:**
 - 300 at ASU
 - 214 at NCCU
 - 910 – 1,120 at UNCG
 - 240 at UNCW
 - Result is negative impact to retention and graduation
- **UNC School of the Arts must seriously consider whether to close the Film School. UNC Wilmington would consider eliminating the M.Ed program in Special Education at both the 5% and 10% levels.**



Reductions at 10% Level (examples)

■ **Western Carolina University:**

- **Would reduce service hours for the writing center and library service desk;**
- **Would reduce book purchases by 17%; and**
- **Would reduce funds for hiring part-time student workers**

■ **N.C. School of Science & Mathematics:**

- **7% fewer NCSSM science faculty**
- **33% reduction of the computer science faculty**
- **Loss of most upper-level mathematics electives**



“A List” and “B List”

“A List” = President’s recommended budget increases

“B List” = Other items that are worthy – the Board may choose to transfer “B List” items to the “A List,” or vice versa.



2011-13 Budget Priorities

	2011-12		2012-13 Additional Amount	
	President's Recommendations "A List"	Other Items for Consideration "B List"	President's Recommendations "A List"	Other Items for Consideration "B List"
1. Continuation Change Budget	\$ 81,152,178	\$ 24,886,954	\$ 59,489,798	\$ 913,317
	<i>(does not include enrollment change)</i>			
a. Enrollment Change *	<i>will be presented to the Board of Governors in December</i>			
b. Operating Funds for Facilities *	21,299,611 R	0	20,205,312 R	0
	8,733,151 NR		5,250,716 NR	
c. Utilities *	29,303,253	0	8,643,081	0
d. Adjustments for Staff Benefits & Cont. Personnel Costs *	10,669,615	0	344,129	0
e. Replacement of Vehicles & Equipment *	10,347,276	10,347,277	10,347,277	0
f. Accreditation Expenses *	799,272	0	159,606	0
g. Increase - Library Books & Materials *	0	10,372,303	10,372,303	511,497
h. Other Adjustments (services, subsistence, fuel, etc.) *	0	4,167,374	4,167,374	401,820

*Numbers are currently under review by Office of State Budget & Management.



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2011-13 Budget Priorities

	2011-12		2012-13 Additional Amount	
	President's Recommendations "A List"	Other Items for Consideration "B List"	President's Recommendations "A List"	Other Items for Consideration "B List"
2. Campus Safety & Security	\$ 1,647,416 R 988,694 NR	\$ 1,650,000 R 1,000,000 NR	\$ 4,897,560 R 3,963,853 NR	\$ 0



2011-13 Budget Priorities

	2011-12		2012-13 Additional Amount	
	President's Recommendations "A List"	Other Items for Consideration "B List"	President's Recommendations "A List"	Other Items for Consideration "B List"
3. Our Citizens & Their Future:				
Access to Higher Education	\$ 4,944,904	\$ 0	\$ 0	\$ 0
a. UNC Need-Based Financial Aid Program	<i>will be presented to the Board of Governors in December</i>			
b. Improving Retention & Graduation Rates				
ECSU	375,264 R	0	0	0
	187,000 NR			
FSU	158,957 R	0	0	0
	14,050 NR			
NCCU	782,650	0	0	0
UNCA	677,566 R	0	0	0
	3,000 NR			
UNCC	1,060,476	0	0	0
UNCG	742,586	0	0	0
UNCP	330,694 R	0	0	0
	86,000 NR			
WSSU	526,661	0	0	0



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2011-13 Budget Priorities

	2011-12		2012-13 Additional Amount	
	President's Recommendations "A List"	Other Items for Consideration "B List"	President's Recommendations "A List"	Other Items for Consideration "B List"
4. Increase Efforts to Recruit & Retain High-Quality Faculty	\$ 3,415,500	\$ 3,415,500	\$ 10,246,500	\$ 0
a. Distinguished Professorships	3,415,500 NR	3,415,500 NR	10,246,500 NR	



2011-13 Budget Priorities

	2011-12		2012-13 Additional Amount	
	President's Recommendations "A List"	Other Items for Consideration "B List"	President's Recommendations "A List"	Other Items for Consideration "B List"
5. Our Communities & Their Economic Transformation	\$ 5,734,091	\$ 9,000,000	\$ 11,894,244	\$ 5,728,065
a. NC Research Campus at Kannapolis	2,000,000	4,000,000	4,000,000	0
b. NCSU College of Engineering	1,000,000	4,000,000	4,000,000	5,000,000
c. NCA&T & UNCG Joint School of Nanoscience & Nanoengineering	1,000,000	1,000,000	1,000,000	0
d. ECSU School of Aviation	203,591 R 360,000 NR	0	469,244 R	0
e. WCU Rapid Product Realization	300,000 R	0	300,000 R 375,000 NR	353,065 R 375,000 NR
f. FSU Geospatial Analysis, Instruc. & Networking Lab	131,500 R 239,000 NR	0	0	0
g. UNCSA Productions and Performances	500,000	0	250,000	0
h. Charlotte Informatics Partnership (UNCC)	0	0	1,500,000	0



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2011-13 Budget Priorities

	2011-12		2012-13 Additional Amount	
	President's Recommendations "A List"	Other Items for Consideration "B List"	President's Recommendations "A List"	Other Items for Consideration "B List"
6. Our Health	\$ 5,432,850	\$ 750,000	\$ 5,900,000	\$ 5,167,000
a. ECU Sch. of Dentistry	3,500,000	0	1,500,000	0
b. Nursing Programs Expansion				
UNC-CH at NCSU location in Raleigh	750,000	750,000	1,500,000	0
UNCW Accelerated Program (Onslow)	415,206	0	0	0
c. Health & Wellness/Allied Professions				
ASU College of Health Sciences	500,000	0	600,000	0
UNC Asheville NC Center for Health & Wellness	267,644 R	0	300,000 NR	0
d. Medical Schools (ECU & UNC-CH)				
ECU Brody School of Medicine	0	0	1,000,000	2,500,000
UNC-CH Med School Expansion	0	0	1,000,000	2,667,000



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2011-13 Budget Priorities

	2011-12		2012-13 Additional Amount	
	President's Recommendations "A List"	Other Items for Consideration "B List"	President's Recommendations "A List"	Other Items for Consideration "B List"
7. Our Children & Their Future:				
Improving Public Education	\$ 1,200,231	\$ 375,000	\$ 1,292,253	\$ 0
a. WSSU Teacher Education Advisement & Partnership	282,978	0	0	0
b. NCSSM Online Program	375,000	375,000	750,000	0
c. UNC-CH "Fast Track to Teaching Science" Licensure	542,253	0	542,253	0



2011-13 Budget Priorities

	2011-12		2012-13 Additional Amount	
	President's Recommendations "A List"	Other Items for Consideration "B List"	President's Recommendations "A List"	Other Items for Consideration "B List"
8. Our University's Outreach & Engagement	709,764	200,000	500,000	200,000
a. NC Arboretum – Bent Creek Institute – Natural Products	359,260	0	0	0
b. UNC Press Expand Access to Books & Journals	131,370 R 19,134 NR	0	0	0
c. UNC-TV Statewide Public Affairs & Informational Prog. Services	200,000	0	300,000	0
d. Coastal Studies Institute	0	200,000	200,000	200,000
Total Budget Priorities – recurring	91,180,099	36,861,954	78,048,139	11,633,382
Total Budget Priorities – nonrecurring	14,045,529	4,415,500	20,136,069	375,000
Total 2011-13 Budget Priorities Recommended (includes both continuation & expansion items)	105,225,628	41,277,454	98,184,208	12,008,382
<i>Does not include enrollment or need-based financial aid amounts</i>				



2011-13 Budget – Capital

Repairs & Renovations Funds “A-List”

\$2.1 billion of deferred maintenance needs

2011-12

\$163 million

2012-13

\$326 million

Statutes call for setting aside 3% of the current replacement value of buildings as a reserve for Repairs and Renovations (3% = \$326 million)

Capital Projects – Planning “B-List”

2011-12

\$0

2012-13

~\$162.5 million



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2011-13 Budget – Capital

Capital Projects – Planning

2011-12

\$0

2012-13

~\$162.5 million

- **Projects are prioritized into groupings:
Science, Instruction, Academic Support
and Student Life**
- **Prioritized within groups based on
facilities utilization data**



2011-13 Budget – Planning Projects

Institution	Capital Priorities – Planning	2011-12	2012-13
	Science		
ASU	College of Nursing and Health Sciences	–	5,820,000
UNCW	Allied Health and Human Sciences Building	–	4,631,300
UNCG	Nursing/Classroom/Office Building	–	13,063,300
UNCC	Science Building	–	12,000,000
NCSU	Engineering Complex (Engineering Building IV & V) Renovation of Broughton, Daniels, Page and Mann	–	46,585,540
ECU	Life Sciences and Biotechnology Building	–	15,160,000
WSSU	Sciences Building (previously called Sciences and General Office Building)	–	3,000,000
NCA&T	New College of Engineering Facility	–	10,437,400
	Teaching	–	
FSU	Teaching Education and General Classroom	–	4,317,621
WCU	New Education and Allied Professions Building	–	5,523,900
UNCA	Replace Carmichael Hall and University Lecture	–	2,680,098
UNC-CH	Law School at Carolina North - New	–	15,316,700
ECSU	School of Aviation	–	1,500,000
UNCSA	Film COE Phase 2 - Post Production/Graduate Facility and Renovations	–	3,574,900
NCSSM	Discovery Center	–	7,250,000
	Academic Support	–	
UNCP	Information Commons Building	–	5,945,000
	Student Life	–	
NCCU	New Student Union Building	–	5,689,100
	TOTAL	–	162,494,859



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Criteria for Capital Projects

■ **Prioritization of Capital Improvement Projects**

- **Science (utilization of classrooms and laboratories, weekly hours of instruction)**
- **Instruction (classroom utilization, weekly hours of instruction)**
- **Academic Support**
- **Student Life**



2011 NC Legislative Process

“Long Session”

- **Governor’s Budget Proposal – January 2011**
 - **General fund availability is determined**
- **General Assembly convenes – January 26, 2011**
 - **House Budget – first**
 - **Senate Budget – second**
 - **Conference Process Results in Final Budget – June/July**



