Planning for 2011-13 Budget

Presentation to the UNCG Faculty Senate

October 6, 2010

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Economic Outlook

• Key taxes, including wage and salary withholding and sales tax reflect poor employment conditions.

• Economists forecast U.S. unemployment rate will remain above 9% through much of 2011. North Carolina not expected to fare any different.

• Issues: ongoing housing recession, uncertainty of business and reluctance to hire new employees.
Key Issues

- Estimated $3.2 billion budget gap
- Pressures on State budget:
  - Expiring temporary taxes ($1.3 billion)
  - Loss of Federal Recovery/Stimulus Funds ($1.6 billion)
  - Weakened economy/other ($.3 billion)
Budget Reduction Options, FY 2011-13

• Campuses developing 5% and 10% permanent reduction options; UNCG share at 10% is $17,164,499

• Assume no additional tuition increases for purpose of developing plans

• Focus: eliminate underperforming programs, reduce layers of mgt/admin, streamline and consolidate offices/services

• Draft plans due to UNC-GA by October 29
UNCG’s Budget Principles

• Protect academic core to extent possible with consideration to relationship to mission and demand
• Budget decisions must be consistent with goals articulated in UNCG Strategic Plan
• State budgeted financial aid will not be reduced unless mandated by state
UNCG’s Budget Principles

• Departments will be permitted flexibility, but reallocation of budgets may be necessary
• Lapsed SPA salaries and benefits will revert to institution and used to fund strategic priorities
• Departments encouraged to reduce costs that are paid from central budgets, such as utilities and IT licenses
Tuition and Fee Process

- UNCG Tuition and Fee Committee co-chaired by Vice Provost and Vice Chancellor for Student Affairs
- Subcommittees to review campus-based tuition increases and potential fee increases (including student activity fee, student health fee, educational and technology fee)
Tuition and Fee Process

• Committee will consider recommendations from two sub-committees, review facility fee proposals, and develop recommendations for Chancellor

• Recommended increases must be developed within guidelines provided by General Administration
Tuition and Fee Process

• Guiding Principles for the Committee:
  – UNCG must remain affordable for its neediest students
  – UNCG must not significantly increase its rank among the constituent UNC institutions in terms of cost
  – Recommended actions are believed to provide a positive contribution to quality of students’ experience
Tuition and Fee Process

• Student Fee Sub-Committee to hear fee requests within 2-3 weeks
• Tuition Sub-Committee to be scheduled
• Tuition and Fee Committee to provide recommendations to Chancellor in late October
• Board of Trustees will consider recommendations at December meeting
UNC State Budget

• Board of Governors presents single, unified recommendation to Governor and General Assembly

• Three categories of requests:
  – Continuing Operations
  – Academic Salary Increases
  – Expansion/Improvement Items
Expansion Budget Process

• Budget Preparation
  – Campus Submissions (Sept)
  – UNC-GA Review (Sept-Oct)
  – Chancellors’ one-on-one discussions (Sept-Oct)
  – BOG Workshops (Oct-Nov)
  – Final Recommendations (NOV)
UNCG Expansion Budget Priorities

• Additional $1 million operating funds for Joint School of Nanoscience & Nanoengineering

• Approximately $750,000 for staff/programs designed to improve retention and graduation rates

• Approximately $1.1 million for enterprise systems infrastructure and support (Banner and Blackboard)
Six-Year Capital Plan Priorities

• Nursing/Classroom/Office Building (McIver Replacement): $130,633,000 (Includes West Chiller Plant, Phase I)
• Library Addition and Renovation: $122,979,000 (includes UNCG Data Center)
• Eberhart Building Renovation: $39,040,000
• Moore Building Renovations: $17,982,000
Six-Year Non-Appropriated Capital Improvement Projects

- **Student Recreation Center:** $91,000,000 (Bonds retired by Facilities Fee)
- **New Residence Hall Acquisition:** $34,500,000 (Bonds retired by Housing and Dining Revenues)
- **Campus Police Building:** $10,000,000 (Bonds retired by Auxiliaries/Trust Fund)
- **Village Parking Deck:** $10,877,000 (Bonds retired by Parking Receipts)
NC Legislative Process: 2011 “Long Session”

- Governor’s Budget Proposal: Jan 2011
- General Assembly Convenes: Jan 26, 2011
  - House Budget: Introduced first
  - Senate Budget: Second
  - Conference Process Results in Final Budget: June/July 2011 (anticipated)
Uncertainties

• Extent of final budget cut required
• Availability of furlough tool in 2011-12
• BOG-determined parameters for campus-based tuition and fees recommendations
• Possibility of General Assembly mandated tuition increase and whether revenue will return to campuses