

Budget Council Meeting Notes

May 28, 2009

Members in attendance: Susan Brooks, Kathy Buckingham, Chris Ervin, Frank Fleming, Margo Gross, Elizabeth Hardin, Sherrie High, Jay Raja, Ken Smith, Gary Stinnett, Hong Vu, and Cleo Widmaier

State Budget Updates:

- The State Assembly's budget dance continues in Raleigh. We have received their requests for data, some of which have been more challenging to fulfill than usual, but really not much different from those received in normal budget years. The House is attempting to move toward a budget proposal that will go to conference.
- We have participated in conference calls about the budget and shared information with chief budget officers at other institutions, but predictions on what might happen can change from morning to afternoon of the same day.
- Some direct reductions are expected, possibly in library funding or building reserves. It appears legislators are looking at specific things to cut. Eliminating in-state tuition classification for students on athletic scholarships is one cut being considered.
- The timing of the new budget is getting later, as the State Assembly attempts to resolve problems created by the revenue shortfall. It now appears the new budget will not be finalized prior to June 30, as we had hoped. The delay is problematic, as we are unable to finalize our response to any reductions as quickly as we would like.

UNC Charlotte's Budget Planning:

- We are working toward finalizing reduction targets for each division and mitigating in every possible way to limit cuts. We must be cognizant of the fact we are setting the stage for reductions in both years of the new biennium (FY10 and FY11). We have to ride out both years and likely fund a first-year reversion; otherwise, we could face constant cuts through 2011.
- We should receive enrollment-growth funding again in 2010, but it will not be available in 2011. The amount we received in 2009 put us in a much better position facing this year's budget shortfall than others in the UNC system. Divisions held back a minimum of 43% of the new money, which was available to mitigate this year's permanent cuts.
- We have known for some time that funding in 2010 would be worse than 2009. One reason is 2010 revenues come from income tax on personal earnings in 2009. It is uncertain when the

economy will improve. We must create responsible, moderate reductions to mediate budget cuts estimated at 11.1% in 2010 and 14% in 2011.

- The Chancellor is preparing a campus-wide email acknowledging the possibility or inevitability of layoffs if budget cuts are as high as anticipated in 2010. His message will refer readers to questions and answers (Q&A) on SPA and EPA reductions in force that are being prepared by Gary Stinnett and Ramah Carle and will be posted on the VCBA website.
- We expect the current budget restrictions to continue in some form after July 1. The amounts we spent will be limited and reduce our appropriation. Restrictions could be in the form of reversions .
- We need to plan for reductions in both years of the biennium; otherwise, we will be in a “cut” mode for awhile. That can have negative consequences, as we lose productivity when people are waiting for the next shoe to drop. We must take action to get us through the biennium.

Furlough update:

- Yesterday, General Administration provided more clarity on furlough cuts for payroll; but, our plan has already been executed and allowed for spreading the pay reductions over the final three pay periods in the fiscal year rather than just two. We may hear other institutions deployed their furloughs with small differences; however, our method was up to 99.1% correct in quality standards. Be aware that you will probably hear things about that; but, in general, the comments will be favorable to UNC Charlotte. Also, other UNC campuses decided to dictate when the 10 furlough hours would be taken and reduce the associated administrative workload as we did.
- One version of the budget favors multiple furlough days in the upcoming year, nine for higher education and five for teachers and community colleges. Cuts could be a combination of both salary reductions and furloughs; however, the fact that they are considering these methods indicates their intent is to keep people employed.