Budget Council Meeting Notes  
October 19, 2010

Members in attendance: John Bland, Susan Brooks, Ramah Carle, Frank Fleming, Chris Ervin, Elizabeth Hardin, Trey O'Quinn, Carrie Smith, Ken Smith, Darin Spease, Gary Stinnett, Clarisse Turner, and Cleo Widmaier

**Budget Cuts**
- Beth Hardin updated the council members on progress made so far in preparing the 5% and 10% budget-cut scenarios requested by GA and due to them by October 25, 2010.
- Trey received the requested information from all divisions and has budget feedback for the 5% and 10% budget-cut scenarios from all campus budget managers.
- If you planned for the dollar levels provided, we will still have a gap between what was cut from the budget and the amount of cuts bought down by the Chancellor.
- All units did a 10% plan; however Trey talked with some of them because reductions were done differently. Getting the story for the full $20 million will require further discussions. In the end, we must have a reasonable expectation of the impact of losing $20 million.
- We wish to be clear that we have reserved funds at the central level and in some cases, at the division level. Academic Affairs and Business Affairs created a reserve pool several years ago, which has money to help buy down our reduction.
- We will have to submit full details on the $20 million in cuts and provide a set of information on our full $207 million in appropriations, including all reductions taken by each division and funds the Chancellor used to buy down the cuts.

**Layoffs**
- There is a certain amount of discord in planning for reductions and hiring. When people were laid off early in a previous year, we hired other positions right away.
- It is possible that a small layoff may be necessary in FY2011.
- Beth’s best advice for staying abreast of the situation is to visit the VCBA Web site and attend Budget Council meetings.

**Reversions**
- As you may recall, we experienced a 5% reversion from the moment FY2010 began, which was unprecedented and probably caused the OSBM to take some heat. History of reversions in North Carolina shows we tend to start hearing about them at this time of year.
• We have heard nothing about a reversion for this year; however, we do have a reversion plan built into the central funds held by the Chancellor. Not hearing about a reversion by the third week of October could be a really good sign for us.

• The Governor continues talking about an announcement to be made. Perhaps there will be some signal there; or perhaps, she will announce what is considered to be a massive overhaul of the State system.

• We have a 4% reversion built into our plan. If the funds are not needed by March to fund a reversion, we will start spending the money on one-time purchases and budget a management-flex/carry-forward for fiscal yearend. The maximum carry-forward is 2.5%.

• When the budget was frozen last spring, we thought the odds against a carry-forward would be high. For us, carry forward is extremely valuable. Otherwise, there would be no money for capital projects.

Budget Communications

• Beth reports that the subject of budget communications was discussed at last week’s Chancellor’s Cabinet meeting. John Bland will be working with others to develop a communications plan.

• The Cabinet is in favor of having a November 2010 budget convocation similar to last year’s. However, November may not be the best time due to the uncertainty over the elections. Gary Stinnett suggested that waiting until January for a convocation could be beneficial, as we will know more about those elected and have more complete information on 2010’s total sales tax revenues.

Closing remarks:

• FY2009 was rocky; FY2010 has been good so far.

• Beth will take the idea of delaying the budget convocation until January back to the Cabinet.

• Trey provided the following progress report: “We are keeping our green visors low and making sure we put the worst face we can on reductions.”