To UNC Charlotte Faculty and Staff:

Subject: Budget Update

Dear Colleagues:

Since my January 7 budget update to the campus, the UNC Board of Governors has discussed the extent to which University of North Carolina (UNC) campuses will be able to increase tuition in the coming fiscal year. Tuition increases will affect our planning for the upcoming fiscal year that begins July 1 (FY 12) because revenues from tuition can be used to partially offset reductions in our state appropriations.

Although the Board of Governors will not make a final decision on tuition levels for the 2011-2012 academic year until next month, my sense of the Board’s conversation was that our proposed 6.5% increase is likely to be approved. Indeed, all but three campuses requested 6.5% increases. We realize that raising tuition creates a hardship for students and their families; however, the increase is but one of several measures necessary to protect academic quality at UNC Charlotte as we enter our third year of significant budget cuts.

A 6.5% increase at UNC Charlotte will generate approximately $5.9 million. Per the Board of Governors’ policy, we will set aside 25% of these dollars (or about $1.5 million) for those students with the greatest financial need.

The remaining tuition revenue of about $4.4 million will be available to partially offset permanent reductions in state support. In my last update, I reported that each UNC campus has been directed to consider potential budget cuts of up to 15%. In the case of UNC Charlotte, a 15% reduction would be equal to $31.1 million, approximately $10.3 million more than the $20.8M we had already planned to eliminate from the permanent budget under an expected 10% reduction.

Sound financial stewardship and advance planning have left us with some options to fill this potential gap, but a cut of this magnitude will most certainly affect our core functions and academic programs. The members of the Chancellor’s Cabinet and the Deans will work hard to mitigate the damage. But all members of
the University community must work together to remain committed to our core mission during this time of constrained resources.

It is always possible that the upcoming session of the General Assembly will change our budgetary planning later in the spring or summer. As happened last year, the General Assembly could decide that tuition increases (and, therefore, revenues realized from tuition) should be higher than those recommended by the Board of Governors. It is also possible that the slow recovery in the state’s economy will reduce the deficit amounts predicted for the FY 12 state budget (currently about $3.7 billion).

Unfortunately, while we can always hope for something better, we must plan for the worst. I’ve asked the members of the Chancellor’s Cabinet to present me with their detailed plans for a total net reduction of an additional $5.9 million beyond our existing 10% reduction plan. That $5.9 million consists of a potential increased cut of $10.3 million less the net tuition revenues of $4.4 million expected from a tuition increase of 6.5%.

As we learn more about the State’s rapidly changing economic condition and its effects on UNC Charlotte, communications will be distributed from my office or via the Vice Chancellor of Business Affairs budget website: http://businessaffairs.uncc.edu/vice-chancellor-for-business-affairs/budget-news/.

My previous budget updates are available on that site or in the Chancellor’s Outbox at: http://administration.uncc.edu/chancellor/outbox.html.

I thank you for your patience and commitment to UNC Charlotte during this time of unprecedented challenges.

Cordially,

Philip L. Dubois
Chancellor