To All UNC Charlotte Faculty and Staff

Re: Budget Update and a Request for Your Assistance

Dear Colleagues:

With the 2011 legislative session underway in Raleigh, I am writing to you with a brief report on the current budget situation. Following that, I have a specific request for your assistance.

First, the budget. Fortunately, not too much has changed since my last update on January 24.

With respect to our current-year budget (which ends June 30, 2011), there remains considerable uncertainty concerning the final level of required “reversion” (i.e., appropriated funds we have to give back to the State before the end of this fiscal year). Shortly before the December holidays, we were instructed by the Office of State Budget and Management (OSBM) to increase our reversion from 1% to 3.5%. Some observers believe that the required reversion could go as high as 5.0%; for UNC Charlotte, that is over $9.9 million.

We have developed plans for reversions at the 3.5% and 5.0% levels. At the higher level, we can foresee the need to reduce our spring-semester expenditures in non-personnel areas. However, unless circumstances change, we see nothing as drastic as a furlough being required for the current fiscal year.

With respect to our budget for the next fiscal year (which begins on July 1, 2011), we have planned the 15% reductions according to the guidance we received from the UNC President’s Office in late December. As I mentioned in my last update, a 15% reduction in our continuing state appropriations equals $31.1 million, approximately $10.3 million more than the 10% reduction we had previously been advised to anticipate.
Our 15% reduction plan is based on some assumptions, including: a) that tuition will be increased at least 6.5% for next year, generating $1.5 million for need-based financial aid and $4.4 million to offset the $31.1M reduction in state support; b) that no funding will be provided to any campus for enrollment increases; and c) that no additional funding will be provided for campuses which are opening new buildings and will incur new non-discretionary expenses for utilities, security, housekeeping, building maintenance, and the like. UNC Charlotte plans to open two new buildings in 2011-2012 – the Center City facility at Ninth and Brevard streets and EPIC (the Energy Production and Infrastructure Center) on campus.

As you might expect, a 15% reduction has very serious impacts upon our campus. Although we have been well-served by our conservative financial management practices over the past three years, it is impossible to avoid deleterious consequences with cuts of this magnitude. Indeed, in our case, at the same time that we have been building central campus reserves in anticipation of a major reduction, we have been adding students. The results are predictable—larger class sizes, hundreds of lost class sections, thousands of eliminated classroom seats, heavier teaching loads for faculty, and increased workloads for advisors and a range of administrative and student service personnel whose jobs are sensitive to the numbers of students being served (e.g., Financial Aid). Administrative services will also suffer, resulting in less frequent mail service, a lower standard for housekeeping, fewer and slower improvements to systems capabilities, less support for private fundraising, and so forth. We also know that we will be forced to make some additional undesirable choices with respect to our non-personnel expenses, including lengthening the replacement cycle for computers and reducing our expenditures for instructional and administrative equipment and supplies.

At the same time, through shared sacrifice among all concerned, we have been able to limit the number of filled positions that have been lost as a result of lay-offs. That continues to be our primary goal. Our current best estimate of additional staff lay-offs required under a 15% reduction keeps that number under 25. It is also possible that some contract personnel whose contracts are expiring this academic year will not be renewed in the future.

This brings me to my specific request for your help.

As part of former President Bowles’ system-wide initiative several years ago, we have implemented several projects to make our campus more administratively efficient and cost-effective. These have included things like major re-designs of our most complex administrative processes (e.g., accounts payable), applications of technology for improved delivery of services (e.g., creation of the campus call center), or administrative reorganizations to improve services, reduce costs, or both (e.g., creation of the residency determination office).

It is now essential that we renew our commitment to this overall effort. We are specifically interested in identifying particular areas of the campus where we can eliminate duplicative operations, simplify complex processes, eliminate useless activities or functions, use technology more to our advantage, or otherwise make our limited human and non-personnel resources go further to address our institutional mission as completely as we can.
If you have specific ideas you wish to share, please send them to us at Chanoff@uncc.edu by February 28. We do not need a complete analysis of each problem but, instead, we need to have you identify areas where you think the savings of time, effort, or money might be substantial. The ideas submitted will be assessed and we will create a priority list to analyze those that seem to have the most long-term potential for making us more effective and efficient.

I will continue to write to you periodically to keep you informed on the ongoing budget situation in the General Assembly. In the meantime, please continue your great work on behalf of UNC Charlotte and the citizens of North Carolina.

Sincerely,

Phil
Philip L.
Dubois
Chancellor