Budget Council Meeting Notes
December 16, 2010

Members in attendance: John Bland, Susan Brooks, Chris Ervin, Frank Fleming, Elizabeth Hardin, Trey O’Quinn, Ken Smith, Darin Spease, Clarisse Turner, and Cleo Widmaier

Guests in attendance: Niki Moseley, Academic Budget and Personnel; Lucy Mullens, Staff Organization

Immediately prior to today’s meeting, Beth spoke with Ernie Murphrey, Vice President-Finance at General Administration for an update on the State’s budget. The conversation gave Beth the impression that the situation is more urgent than previously thought.

Possible Hiring Freeze:
• Odds the universities will eventually experience both hiring and spending freezes are high; however, it is less clear either action will be effective as early as January 1, 2011. In fact, Ernie related that he is unaware the January 1 date was being rumored. A delay in the effective date of a hiring freeze would be positive for us by lessening the pressure to complete the hiring process for both EPA and SPA positions by 2010 year-end. (The freeze was effective in December.)
• Since our meeting earlier this week, at which the possibility of a hiring freeze was discussed, HR received inquiries as to the possibility of creating, posting, and filling new positions by December 31, 2010. Gary Stinnett answered that it is not possible at this late date.
• What we could possibly achieve by December 31, 2010, is to complete the selection process for the 33 SPA positions HR has referred to the hiring departments, but are not yet filled. Some selection paperwork has been in departments for quite awhile, in one case since early November. The hiring officials have been contacted and encouraged to move quickly on filling the jobs by year-end, a task requiring their cooperation and willingness to reprioritize other responsibilities.
• As stated earlier, if you have money, spend it; if you have people to hire, do it.

Reversions and Cuts:
• According to Ernie, a reversion is likely. He estimates it will be 5%; we are hoping for 2.5%. We have 4% in reserve.
• The result of a higher reversion percentage will obviously be cuts in many programs.
• Chances are we will not be cut by only 10%, probably it could be more; however, we are in better shape to deal with this than most schools in the system.
• Demands for our services have not mitigated; however, we could be looking at reductions in force (RIF’s) if we experience cuts in excess of 10%.

Budget Updates:
• There will be a real $3.7 billion hole in the State’s 2012 budget created as a result of our losing additional Federal stimulus money and the General Assembly not extending temporary taxes enacted to boost State revenues during the earlier years of the recession.
• There may be some revenue changes due to improvements in the tax code, but it is likely more will come in the form of budget cuts that will be significant for all State agencies.
• The math just does not work if the universities are only cut 10% with other agencies cut as much as 30%. Beth feels universities may face cuts in excess of 10%, but certainly not less. In the last cut, some divisions (Academic Affairs for example) experienced less than a 10% cut, while others were cut in excess of 10%. We should go back and look at those 10% cuts as a basis for planning.
• This is not a freeze for current cash needs, but rather for the 2012 budget. Beth thinks there is a desire to have reserves going into 2012 so the fall will not be so hard.
• The Governor may ask for special powers, thought to include a retroactive hiring freeze effective January 1, 2011. It is likely she will be granted those powers.
• The legislature may not fund enrollment growth dollars at the level requested; they may be materially less.
• Revenue in the second year of the biennium looks better than the first year. Yeah!

2012 Tuition Increase:
• No call has yet been made on a tuition increase for 2012. Last year’s 16.7% increase was sufficient to offset our budget reduction.
• If our cut for 2012 is 15%, the question is whether GA would allow the University to increase tuition sufficiently to offset.
• Our best hope is the decision will be made early so Financial Aid will not have to change awards.
Other Issues:

- UNC Charlotte will have to become a different institution. It will take time for us to transform into the streamlined institution we must become.
- The idea of closing campuses will likely go away with the number of people at GA who will retire at the end of the year.
- In this Holiday Season, go back to your area and find someone you work with and thank them. The budget situation is very real and people are going an extra mile for the University. Be grateful; in the big picture, we are very fortunate.