TO: CALS ALL
FROM: Johnny Wayne
DATE: February 5, 2010

RE: A College of Agriculture and Life Sciences Budget Update

I'd like to bring you up-to-date on the budget outlook for the College of Agriculture and Life Sciences. I think the College's fiscal condition is somewhat similar to that of our nation. While our budget outlook has improved from last year, and there are indications of continued improvement, we continue to face a difficult fiscal environment.

The College began this fiscal year, last July, with a $12 million reduction from the previous year in state appropriations. Our total College appropriated budget is around $120 million, so a $12 million reduction was a significant loss. At the same time, we, like many Americans, have seen the value of our investments decline. In late 2008, the College had 550 endowments with a market value of approximately $130 million. Now, we have more endowments — 625 — but the market value has fallen to $100 million. Most of these endowments are 'underwater' and are not generating income that can be spent by the college.

We have done everything we can to deal with these shortfalls. We have instituted an online approval system for all expenditures, and we are watching expenditures closely. We have reduced faculty and staff travel and transportation expenses. We have not filled faculty and staff positions lost to attrition, even when key faculty and staff have retired. Despite these efforts, budget cuts forced us to terminate 33 College employees this fiscal year.

At this time, budgets for Academic Programs and the North Carolina Cooperative Extension Service are balanced. That said, both of these units are stretched thin. Academic Programs has seen an enrollment increase without a corresponding increase in funding, while 80 Cooperative Extension field faculty positions are vacant across the state. The North Carolina Agricultural Research Service continues to face a $1 million shortfall, and finding a way to fill this budget hole will be our primary concern for the remainder of this fiscal year.

Also of concern is federal funding. We typically receive more than $22 million to support our extension and research programs. While we do not expect this amount to be cut, we have not received any federal funding since last October. The absence of federal funding has created a continuous cash flow problem.

It is difficult at this time to foresee what the coming fiscal year will hold. We have been told to plan for a 5 percent cut in state appropriations; however, the amount of state funding we receive will depend on the North Carolina economy and state tax collections, and we won't know about tax collections until April. Yet while the budget picture we face certainly could not be considered bright, it appears to be better than at many of our peer institutions. Many of our peer institutions have been forced to cut their budgets since Christmas.

I cannot predict what our fiscal future will hold, but I can promise you that throughout our College's administration we have done and will continue to do everything we can to protect faculty and staff positions and provide the start-up promised to new faculty. I would also like to thank all of you for the sacrifices you have made to deal with these difficult times and maintain excellent academic, research and extension programs.