STATEMENT ON BUDGET, REVERSIONS AND PLANNING

November 2008

Our college, like the rest of NC State University, our state and our nation, is facing a challenging fiscal environment. Our Chancellor issued a statement on October 22 regarding the economic and budget impacts on the University:


I want to provide you with information about the college’s budget and what we’re doing to address the reductions that are imposed on the college by the credit and financial crisis.

On November 7, the college was asked to submit a 4% reversion plan, as requested by the Governor to University administration. The Academic Program reversion was 3%, with the Provost covered 1% from his resources. Both Research and Extension had to revert 4% of their state budget appropriations. President Bowles has since asked the University to plan for an additional 1% reversion.

Prior to these reversions, the college’s Academic Program budget was growing through increased compact plan allocations due to increased student enrollment, although the increase in budget allocations was lagging behind student growth. The Research and Extension budget was decreasing due to continued budget reductions.

At the beginning of FY2008, Research and Extension had either budget or operating support reductions of $2,256,487 to cover a PACE cut, a .8% management flexibility reduction, increased administrative fees, federal salary match and promotional increases.

Based on the mandated reversions this year and previous budget reductions, each function (Academics, Extension and Research) requested reductions of all their departments and units based on each department’s or unit’s unique budget situation. Academic Programs requested a permanent reduction of $394,528, although the reversion to the University was for a one-time reduction. This is 3% of the 4% reversion, with the Provost covering the additional 1% reversion for Academic Programs.

Extension asked for a 2% permanent reduction, although the 4% reduction was one time. This 2% was added to their previous request for an 8% permanent reduction over three years, therefore, each department or unit is being asked to return 10% over three years.

Research requested a permanent reduction of 3.5%, as previously planned to cover the previous budget reductions. They also requested a one-time 4% reduction to meet the Governor’s
mandate. The plans as submitted to the Provost for these 3% (Academic) and 4% (Extension and Research) reversions are attached.

Since there is a possibility of further reductions this year, we need to plan for the worst and hope for the best. Based on information from several sources, an additional 4% cut may be needed. I am not asking departments and units to develop plans for this potential cut, but I am asking everyone to be as frugal as possible in operating their department or unit.

I am, however, implementing a spending restriction on state funds for hiring, traveling outside the state and purchasing large items, although I suspect that the budget reductions requested by the Directors will have already done this.

We have already made several cost-saving decisions, including CES canceling their Annual Conference, restricting out-of-state travel on state funds, postponing the search for a full-time Director of International Programs, postponing our William Neal Reynolds celebration and doing such things as canceling the CALS Holiday Open House, not sending holiday cards this year and reducing operating costs for the Dean’s Office. We are exploring additional ways to cut costs during this difficult environment. I solicit your input for additional cost-cutting measures.

Attachments