

One week from today the North Carolina General Assembly will convene its 2011 session in Raleigh. During this long session, legislators will develop and adopt a budget for all of state government, including the University of North Carolina system and all other state agencies, for the 2011-2013 biennium. This is the second in what will be a series of communications through which I will try to keep you informed of the budget debate as it progresses and of our own planning to comply with legislative and UNC system directives.

By N.C. constitutional mandate, budgeted state expenditures must be balanced by revenue. North Carolina state government faces a revenue shortfall of \$3.7 billion during the first year (2011-2012) of the biennium according to current estimates by legislative and Office of State Budget and Management fiscal analysts. During the last four years, the UNC system has sustained cuts and reversions in state appropriations totaling more than \$600 million. Western Carolina's share was \$14,600,000 – or 17 percent of our overall state appropriation. As you will know firsthand, that has significantly and adversely impacted our operations and staffing.

As I explained in my budget update of January 7, we already have experienced a one percent reversion of state budget funds this fiscal year and have been directed to revert another 2.5 percent (\$2.16 million). We are in process of determining how we can meet that target. In addition, we have now been asked by UNC President Tom Ross to determine the impact of a 15 percent – or larger -- permanent budget cut in the event the legislature were to find that level of cut to be necessary.

I think you will understand that a permanent budget cut of that magnitude – on top of cuts already taken – could not be achieved without reductions in personnel. I want to assure you that, as before, we will do everything in our power to minimize the impact of whatever personnel reductions may become necessary.

**Vacant positions funded by state appropriations are frozen at present.** The Executive Council has recommended, and I have approved, guidelines for determining what positions are critical to sustaining the university's core functions and how permission may be secured to search and fill those positions. In summary, the Interim Provost will make recommendations to me relative to faculty positions and the Executive Council will make recommendations regarding critical SPA and non-faculty EPA positions.

For your information, the guidelines are as follows:

### **Definition of critical position**

A "critical" position involves job duties and functions that are essential to maintain the core academic mission over the next 2 to 3 years based upon evaluations of: (1) the university's strategic priorities; (2) the efficiency and effectiveness of academic programs, academic support functions, and business/operational functions; (3) the university's state and federal regulatory/compliance obligations; and (4) campus community health and safety needs.

### **Processes for review of new recruitment requests to ensure that only "critical" positions are filled**

While the processes described below are intended to provide guidance concerning the basis for determinations of criticality; circumstances likely will require the exercise of managerial judgment to address particular university needs and state budget constraints from time to time.

Hiring determinations will be considered at Executive Council's last regularly scheduled meeting each month.

### **Faculty positions**

The Interim Provost, upon consultation with the Dean, will make determinations regarding critical faculty positions using established academic program prioritization criteria and requirements of quality enhancement and liberal studies programs, and will forward her recommendations to fill certain critical faculty positions to the Chancellor for his final determination.

### **All other positions**

The Executive Council will make determinations regarding all other critical positions (SPA and non-faculty EPA) and will forward its recommendations to fill certain critical positions to the Chancellor for his final determination. The Executive Council will use established criteria to include the following:

- Programs, services, and infrastructure supporting strategic priorities (i.e., NC educational needs, public education improvement, regional economic and community development, improve health and wellness in western NC, environmental sustainability, regional outreach and engagement, and improving retention and graduation rates)
- Efficiency and effectiveness enhancements
  - Identification of process redundancies, inconsistencies, bottlenecks
  - Consolidation/centralization of processes
  - Automation/technology
  - Data/information access, utilization
  - Performance/assessment
- Regulatory/compliance requirements
- Health and safety imperatives

John