

Budget Update

As you are aware, the state continues to experience a major budget shortfall. As of this writing, the current estimate of the revenue shortfall is \$3.7 billion. During the holiday break, outgoing UNC president Erskine Bowles and new president Tom Ross asked campuses to prepare scenarios that would explain the impact of a 15% budget cut should that be necessary. A 15% cut would mean a \$12.9 million reduction in state funding for WCU for next fiscal year.

Meanwhile, the Governor has instituted a 2.5% reversion, which means a \$2.16 million one-time reduction of state funds previously appropriated for this fiscal year. Please be reminded that this reduction applies only to state-funded budgets.

Compounding matters, the University has been responding to significant budget cuts and reversions for the last several years, and, as a result, we have already significantly reduced our operations. In anticipation of additional required reductions for 2011-12 fiscal year, I held back 5% of the state budget allocation. During the fall semester, we began developing plans for an additional 5% budget cut. Now we are being asked to finalize those plans and to prepare for an additional 5% (for a total of 15%).

It is very clear that this process of budget reductions and reversions will be difficult and must be taken with utmost care. To provide guidance to the process, the Executive Council has worked to define a set of "guiding principles" as we go forward. I am sharing these with you today to seek your feedback and suggestions. I also invite informal feedback from the Faculty and Staff Senates and from the Student Government Association. Additionally, I am asking Interim Provost Seestedt-Stanford to move forward with academic program prioritization. I ask that everyone provide feedback as soon as possible because we have to respond to time frames imposed by the State Budget Office and General Administration. Many times these responses are required within only a few days or one or two weeks.

The Executive Council agrees on the following principles:

- The *core mission* of the University should be the first driver of budget decision-making
- To the extent feasible, focus should be on increasing effectiveness and efficiency
- Within the academic area the following academic program prioritization criteria will support budget decision-making:
 - Mission and strategic criticality
 - Program quality
 - Cost and effectiveness, sustainability and revenue
 - Internal demand
 - Productivity
- Because state funds are based primarily on enrollment, minimizing enrollment loss should be a priority
- State and federal law, the Code of the UNC Board of Governors, and campus community health and safety are all critical considerations
- Basic operations of the university must continue to function at an appropriate level
- Implementing furlough days may be considered
- Information regarding the budget plan will be posted on the campus website

Again, please let me know if you have any additional thoughts or suggestions. I will schedule a campus-wide meeting to discuss the budget situation at 3:30 p.m. on Monday, January 31. Please plan to attend. In the meantime, Interim Vice Chancellor Robert Edwards or I will update you on any additional information that we receive.

Hiring Update

Effective immediately, upon the direction of the State Budget Office and General Administration, a “soft” hiring freeze will be in effect until further notice. While further clarification on a process for critical hiring is being defined and will be communicated shortly, at this time, Executive Council approval is required for all new position postings. For searches in process, Executive Council approval is required prior to any offer being made.

Travel and Spending Update

Executive Council is establishing guidelines on travel and spending restrictions for both the remainder of this fiscal year as well as next fiscal year. Detailed information will be communicated to you soon. Please let the Interim Provost, the appropriate vice chancellor or me know if you have any questions regarding this process or these criteria.

For each of us individually and for the University community, these are very difficult times. However, during my more than 15 years of working with you, I have come to understand and have great respect for your capacities, resilience, compassion, and willingness to take on difficult tasks. We will come through these tough times and maintain our focus on educating the people of North Carolina and supporting the recovery of this region. You are the best.

Thank you for your assistance and understanding as we go through this difficult period in the state's history.

John Bardo