



State Budget Cuts: Preparing for the Future

Author : Mike Smith

Categories : [Budget Updates](#)

Date : April 18, 2010



There have been lots of recent stories about how the upcoming legislative session will balance the state budget. Most state agencies have been asked by Governor Perdue to plan for a 5% permanent state budget cut. UNC President Erskine Bowles has made it clear that he “will call for action” if the UNC system is required to cut state funding more than 2% because “[i]t will do substantial and unsustainable damage to the quality of education we have to offer our students.” He has said that the system will have to cut 1,000 jobs—more than half of them faculty—should the legislature mandate a 5% budget cut.

There are lots of moving parts that affect us, and it is difficult to predict exactly what will happen.



Provost Bruce Carney at the last meeting of the Dean's Council indicated that we should plan for a minimum state budget cut of 5% (\$300,000 for the School), even if President Bowles is successful in keeping overall cuts to the UNC system at 2%. Our cut could be more than 5% if the legislature cuts more deeply than 2%. Why? Carolina has a structural deficit of \$16 million largely because it has allocated a disproportionate share of past cuts to central administrative services in order to protect the academic units. A number of operating expenditures can no longer be postponed, which means that Carolina's administration must take extra money from the academic units to cover those expenses. I have mentioned before that our cut last year included 2% (\$122,000) more than was required by the legislature. It was supposed to cover temporary reductions during this fiscal year and count toward our permanent cut next fiscal year (July 1, 2010). Provost Carney has indicated that they already are using that money to help reduce the structural deficit and it will not be credited toward our next state budget cut.

I am optimistic in the face of these budget woes for several reasons. I have been so impressed this past year by how everyone at the School has pulled together to be flexible and open to new ways of doing business—internally and with public officials. The webinars are a great example, and so are the blogs. I am as tired of talking about our need to increase revenue as you are tired of hearing about it, but it is an unavoidable reality that we must continue to address. Thank you for helping with our bottom line by agreeing to increase course registration fees, publications prices, and advising fees. It is making a significant difference.

We also are doing whatever we can to permanently reduce operating costs and apply the savings to help meet our state budget cuts. For example, you received an email from Brad about permanently eliminating the mail services clerk position (formerly held by Larry Anderson) and our move to a central mailroom. The permanent savings will be applied to offset our permanent state budget cuts for next fiscal year. Everyone will be responsible for getting their own mail—I encourage you to think of this as the School's new wellness program. We also are reallocating some responsibilities in our printing operation and will eliminate the position formerly held by Steve Rogers. The permanent savings also will be applied to next year's budget cuts. I recognize that these and other decisions create stresses and strains, but this is a time when we are forced to make less than ideal choices.

I have been meeting on a regular basis with Tom Thornburg, Todd Nicolet, and Brad Volk to analyze budget projections and develop options for meeting our cuts next year. I will meet with the Dean's Advisory Council in May to give them an overview of our budget picture and to get their general feedback. I will hold another series of budget roundtables for everyone in early summer once the picture is clearer and our options for meeting the cuts are more fully developed. I also am continuing to meet with city and county managers from the larger jurisdictions about the importance of their membership dues in our ability to respond to their needs. In fact, I will be in Gastonia on Tuesday to meet with the county manager and the city manager—the city did not pay their dues for this fiscal year, and I hope to convince him to pay next year.



Thank you so much for continuing to be positive and committed as we work our way through these difficult budget times. If you have other ideas about how we can save money and continue to be responsive, please let share it with me or with Brad Volk. We may be looking through the sofa cushions for loose change before this is over, and we need all of the help we can get.