Our Purpose Today

Discuss the “Great Recession” and its impact on North Carolina, the UNC system, and UNC Charlotte

– Where we have been
– Where we are now and the impact on UNC Charlotte
– Where we are going
Large, steep drop in State revenue in 2009

- North Carolina had $3.2 billion hole in $21.4 billion budget
- All agencies, including UNC, forced to cut spending sharply
  - Endowment value fell by 27%
  - State appropriations of $183.6 million in total operating funds of $447.8 million
  - Restrictions on travel, salary adjustments, a furlough, and finally a freeze on all operating expenditures in April 2009
  - UNC Charlotte reverted $28.7 million and took permanent cut of $1.6 million
  - Impact mitigated by new enrollment increase funding of $10.6 million
Full effects of Great Recession hit in fiscal year 2010, forcing North Carolina to cut budget

For UNC Charlotte, permanent and one-time cuts to operating and capital funds:
- Reversion of $9.8 million or 5%
- Permanent budget cuts of $6 million or 3%
- Loss of expected operating funds of $6.6 million, or 3.3%
- Loss of capital funds of $7.6 million
Continued…

Impact mitigated by full funding of enrollment growth and operating funding for strategic economic development

+ New enrollment increase dollars of $8.9 million
+ Approved EPIC operating funds of $2 million
Where We Are Now and the Impact on UNC Charlotte
% FY 2010 Reduction by Department Budget

- Chancellor: 1% of Total Budget, 1% % Cut of Div's Budget
- Academic Affairs: 77% of Total Budget, 49% % Cut of Div's Budget
- Business Affairs: 14% of Total Budget, 15% % Cut of Div's Budget
- Student Affairs: 1% of Total Budget, 5% % Cut of Div's Budget
- Devt & Alum Aff: 1% of Total Budget, 1% % Cut of Div's Budget
- URCA: 1% of Total Budget, 4% % Cut of Div's Budget
- Perm Cent Funds & El: 1% of Total Budget, 1% % Cut of Div's Budget
- 25% of Total Budget, 5% % Cut of Div's Budget
Positions Lost in FY 2009-2010

Number of Positions

- Positions Vacant / Not Established: 55
- Positions Moved to Non-State: 15
- Positions Filled: 8

78 Positions

Number of Positions

- Faculty: 20
- EPA Staff: 17
- SPA Staff: 41
Fiscal Year 2010

- Permanent cut less than anticipated
- 5% reversion beginning July 1
- Enrollment increase funded based on projections
- Enrollment exceeded projections by 606 students
- “Catch up” funding for additional students is still uncertain
Where We Stand Today

• Enrollment increase (EI) allocation and funds held by Academic Affairs covered the reversion
• Travel restrictions still in effect for entire campus
• Salary increases limited to promotions or substantial change in duties
Fall 2009 Enrollment

% Change from 2008

Undergraduates

Graduates

New

Continuing

0

18

16

14

12

10

8

6

4

2

0

Fall 2009 Enrollment

% Change from 2008

Undergraduates

Graduates

New

Continuing
2009-2010

- New faculty hired at market rates, exaggerating salary compression problems
- Resignations and retirement continue to deplete the faculty ranks
- Graduate assistant stipends unchanged
- New expenses, e.g., Levine Scholars Program requires operating, staff, director
- Class sizes increase and section numbers decline
Average Section Size by Course Level

Students Per Section

Course Level

Fall 2006
Fall 2007
Fall 2008
Fall 2009
Use of One-Time Funds 2009-2010

- Distance Ed.
- Classroom support
- Library
- ITS
- Renovations
- Departments

$0  $1,000,000  $2,000,000  $3,000,000  $4,000,000
Academic Affairs 5% Budget Reduction 2010-2011

- Centers/Inst
- Research/Spon Progs
- Student Support
- Middle Management
- Academic Admin
- Prof Dev Fac & Staff
- Information Tech
- Faculty lines
- Academic support

$0 - $3,000,000

Operating
Personnel
Where We Are Going
How Do We Look as a State?

• Total state budget for FY 2010 is $19 billion

• Revenues through February are down $45 million from a forecast of $12.1 billion or less than 1% for the first 8 months

• Revenue forecasts show slow growth with gradual improvement during the 2\textsuperscript{nd} half of FY 2009-2010
The 2nd Half of FY 2010

• We are in the 4th Quarter and down by a Field Goal!
  – Through today, March 17th, we continue to operate with restrictions on travel and salary increases
    • But, No Freeze
  – April 15th, Tax Day, will be the time when we expect to know the most about this FY
The 1st Half of FY 2011

- Economy (US & NC) will be sluggish at best
- University is planning for a maximum 5% permanent budget reduction
- $9.1 million on a base of $181.6 million (December 31, 2009)
Addressing the FY 2011 Budget Reduction

• Take reductions from three pools of money to help mitigate the 5% reduction on operating units
  – Permanent Central Funds = $325,000
  – FY 2010 enrollment increase = $2,959,000
  – FY 2011 enrollment increase = $1,281,172
The Reduced Impact of the 5% Cut For FY 2011

<table>
<thead>
<tr>
<th>Area</th>
<th>% FY10</th>
<th>5% = $9.1 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year 2011 Enrollment Increase</td>
<td>N/A</td>
<td>14.1%</td>
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<tr>
<td>Fiscal Year 2010 Enrollment Increase</td>
<td>3.8%</td>
<td>32.6%</td>
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<tr>
<td>Permanent Central Funds</td>
<td>0.8%</td>
<td>3.6%</td>
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<tr>
<td>Chancellor</td>
<td>0.8%</td>
<td>0.7%</td>
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<tr>
<td>Academic Affairs</td>
<td>77.0%</td>
<td>38.0%</td>
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<tr>
<td>Business Affairs</td>
<td>14.1%</td>
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<tr>
<td>Student Affairs</td>
<td>1.3%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Development &amp; Alumni Affairs</td>
<td>1.2%</td>
<td>0.6%</td>
</tr>
<tr>
<td>University Relations &amp; Community Affairs</td>
<td>1.0%</td>
<td>1.1%</td>
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</tbody>
</table>
## Possible Divisional Budget Cuts Compared to Each Division’s FY 2010 Budget

<table>
<thead>
<tr>
<th>Division</th>
<th>$ of FY11 Cut (5%) by Division</th>
<th>% of FY11 Cut (5%) by Division</th>
<th>% of FY10 &amp; FY11 Cuts by Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chancellor</td>
<td>$65,172</td>
<td>3.6%</td>
<td>7.9%</td>
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<tr>
<td>Academic Affairs</td>
<td>$3,450,000</td>
<td>1.9%</td>
<td>3.5%</td>
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<tr>
<td>Business Affairs</td>
<td>$750,000</td>
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<tr>
<td>Student Affairs</td>
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<td>2.9%</td>
<td>12.1%</td>
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<tr>
<td>Development &amp; Alumni Affairs</td>
<td>$50,000</td>
<td>1.8%</td>
<td>10.1%</td>
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<tr>
<td>University Relations &amp; Community Affairs</td>
<td>$100,000</td>
<td>4.4%</td>
<td>7.7%</td>
</tr>
</tbody>
</table>
What’s Left in Reserve?

FY 2010 and FY 2011 Enrollment Increase Funding Not Cut $3.3 million

Additional FY 2011 Enrollment Increase (if funded for 2010-2011 excess enrollment) $3.7 million

Permanent Central Funds $1.6 million

$8.6 million
The Good News

We’re not broke….yet!