



FACT SHEET

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State Budget Cuts and the UNC-Chapel Hill Workforce

Budget Basics

State appropriations equaled about a quarter (\$577 million) of the University's total operating budget of more than \$2 billion in fiscal 2008-09. The University's funding comes from sources including grants and contracts for research, sales and services, tuition and fees, patient services, endowment income, and private gifts. The use of those sources is generally restricted. For example, a donor designates how a gift can be used; a professor receives a grant for research.

Fiscal 2009-2010 state budget cuts have totaled nearly \$60 million – a 10 percent reduction in state funds. Initial planning for that reduction began in March 2009. That's on top of one-time reductions in fiscal 2008-2009 totaling about \$36 million. Other UNC campuses have taken similar steps.

Chancellor Holden Thorp has said he does not plan to seek any additional cuts from campus units to handle a 5 percent holdback announced by Gov. Bev Perdue in July. If revenues continue to decline, the governor may take additional steps that would require additional cuts in campus units. Nevertheless, the chancellor said he was hopeful that our current measures may hold for the fiscal year.

The University's focus has been on protecting core academic and teaching programs. By keeping cuts away from the classroom, the administration limited campus reductions to instructional units to just over 5 percent.

For details about how the University is managing the cuts, see the University's Budget Information Web site, accessible from www.unc.edu (<http://universityrelations.unc.edu/budget/>)

Other Budget-Cutting Challenges

Besides state funding cuts, other challenges include declining endowment income caused by the financial markets. At the same time, the University has had to plan for maintaining

compliance with federal and state standards for conducting research (animals and humans), human resources, purchasing and finance. In addition, the University has made major financial commitments to replacing dated business systems in phases as part of the Enterprise Resource Planning (ERP) project. The ERP, now known as ConnectCarolina, will create an integrated management system for business processes related to student services, human resources, payroll and finance. Other issues have included identifying budget-related concerns in areas such as life safety and repairs and renovations of University buildings and facilities.

Impact on the University Workforce

Vice chancellors, deans and senior administrators have been focused on protecting classroom instruction and reducing non-salary expenditures for activities including programs and then eliminating vacant or temporary positions. Cutting filled positions has been considered after those options. Chancellor Holden Thorp's initial 5 percent state budget cut directive in March 2009 was consistent with that approach: if units had cut as much non-personnel and program expenses as they could, only then would they take actions affecting people currently holding campus jobs.

In some units, job cuts have been unavoidable. Schools and departments have abolished more than 200 vacant full-time positions, cut temporary jobs, canceled more than 40 faculty searches (spring 2009); or started reducing, consolidating or eliminating programs, as well as reducing service levels, to cope with recurring state cuts that have or will be made in fiscal 2009-2010 as part of the University's overall 10 percent reduction.

In February 2009, Thorp announced the creation of an **Employee Assistance Fund** (<http://hr.unc.edu/specialprograms/emp-asst-fund>) to provide enhanced career transition services for employees whose positions are eliminated.

Both state funds (appropriations) and non-state sources (including research contracts and grants, private trust funds or investment income, or receipts from services provided) provide the funding for positions held by approximately 12,000 permanent full-time and part-time staff and faculty employees. The University employs about 6,770 SPA (subject to the State Personnel Act) employees, 1,800 EPA (exempt from the State Personnel Act) non-faculty staff, and 3,450 faculty. In spring 2009, **salaries and benefits for all University employees accounted for about 58 percent of the University's total operating expenses.**

Staff Position Job Cuts in Fiscal 2008-09 and 2009-2010

The University is committed to reporting **campus-wide summary statistics** about job cuts that have been made while, at the same time, protecting confidential personnel information as required by state law.

SPA Employees

Between July 1, 2008, and March 16, 2009, University schools and units abolished 203 **vacant permanent SPA** (subject to the State Personnel Act) positions. It's not possible to track, based on available University records, how many of those positions were eliminated due to budget reasons. In the future, such information is expected to be available but no additional updates are available at this time.

Between July 1, 2008, and October 31, 2009, University schools and units have eliminated the **filled positions** of 122 permanent **SPA** (Staff Employees Subject to the State Personnel Act) employees. Funding for these positions came from state and non-state sources (typically outside research contracts and grants or private funding); in some cases, the positions were funded by a combination of both sources.

SPA Layoff Policy

The University's layoff policy applies only to SPA appointments, consistent with the requirements of the State Personnel Act and the Office of State Personnel. Requirements include:

- Employees are to be laid off only after examining all available alternatives.
- Each department facing the layoff of an employee must make every effort to place the employee, within or outside the department, before the effective date of layoff.
- All permanent SPA employees must receive at least 30 days written notice of a layoff.
- SPA layoff benefits include severance pay, health insurance continuation and re-employment priority consideration for up to one year for eligible employees, career transition counseling services, and leave payout and reinstatement.

EPA Non-Faculty Employees

Between July 1, 2008, and October 31, 2009, University schools and units have abolished 33 **vacant EPA non-faculty** permanent positions. Three of those job eliminations were for budget-related reasons.

Between July 1, 2008, and October 31, 2009, University schools and units have ended the appointments of 22 **EPA non-faculty permanent employees** for budget-related reasons. EPA employees serve at will or hold term appointments. These jobs also are funded from a combination of sources, both state and non-state. These positions can end for a variety of reasons including retirement, resignations to accept other jobs, the availability of funding for the position, or changes in the activity the job supports.

The University does not have a formal layoff policy for EPA non-faculty positions. EPA non-faculty employment policies provide for:

- At-will appointments require either a 30- or 90-day notice for discontinuation for any reason.

- Term appointments generally end early only if an applicable funding contingency arises or there is dismissal for cause.
- No notice is required when exercising a funding contingency clause that was included in the letter of appointment.
- Depending on the circumstances, end-of-appointment benefits for EPA positions could include health insurance continuation and career transition counseling services.

Faculty

Chancellor Thorp has emphasized that University administrators do not foresee circumstances that would lead to the elimination of **tenured faculty**, the canceling of **fixed-term faculty** contracts in the middle of their terms, or alteration of tenure decisions based on budget concerns. The University also has no plans to discharge tenure-track faculty because of the economy.

Total Impact on Positions

As of summer 2009, about 300 total positions were projected to be affected. Of those, about 200 were unfilled and another 100 were filled. Position reductions could be ongoing as units continue to carry out their 10 percent reductions in fiscal 2009-2010.

Related Links

- Carolina Budget Information Web Page, <http://universityrelations.unc.edu/budget/>
- SPA Employees, <http://hr.unc.edu/Data/SPA/recruitment/layoff>
<http://hr.unc.edu/guides/layoff-guides/LayoffGuide-Emp.pdf>
- EPA Non-Faculty, <http://hr.unc.edu/epanf/epa-nf-pol/?folderView=collapsed>
- Faculty, <https://hr.unc.edu/EPA/faculty/index>
- Employee Forum Community Meeting, <http://universityrelations.unc.edu/budget>, under “3/2/09 – Presentation at Employee Forum Community Meeting.”