June 2, 2009 (Formal Notice)

Subject: Campus Budget Update

To: Faculty and Staff

From: Holden Thorp

Dear Faculty and Staff:

I'm writing to share an update on the state budget process and how it may affect Carolina. The House of Representatives continues to deliberate over a proposal that currently calls for an 11.1 percent cut totaling $337 million across the UNC system for 2009-10. The House proposal reflects one approach to addressing an expected state budget shortfall for next year that is nearing $5 billion.

UNC President Erskine Bowles has articulated well his concerns. While the 11 percent cut level is still less than in other states like Florida, the effect would be severe and long-lasting, especially for students' access and for the quality of the education they would receive.

It's not a surprise that the House proposal includes new sources of revenue such as a $200 tuition increase for our students. (On other UNC campuses, students would face a $200 hike or 8 percent, whichever is lower.) This proposal is in lieu of increases previously approved for Carolina by the UNC Board of Governors, including a 4.3 percent, or $160 increase, for resident undergraduates. While half of the revenues from the Board of Governors-approved increase would be set aside for need-based financial aid, all proceeds from the proposed House proposal would flow directly to the General Fund to help close the state budget shortfall.

We're also particularly concerned about the scrutiny over research centers and institutes across the UNC system. Our faculty working in those units study real-world problems that affect North Carolinians. At the same time, they help the state's economy by attracting hundreds of millions of dollars in grant funding.

We've tried to be as proactive as possible in anticipating the inevitable permanent cuts for next fiscal year. That's what drove our decision in March to enact cuts at the 5 percent level - nearly $29 million - effective on July 1.

At a cut level of 11 percent or higher, we'd slice much deeper into programs and eliminate about 500 class sessions, resulting in much larger classes for our students. Without additional enrollment growth funding, we'd also be forced to accept about 500 fewer students in fall 2010.
Our trustees and the administration are working very closely with President Bowles and the Board of Governors to advocate vigorously with legislators on behalf of all the UNC campuses including Carolina. We're seeking flexibility in implementing our fair share of the cuts. Our deans and vice chancellors know best how to achieve the necessary savings while imposing the least amount of harm to our students' classroom experiences and University operations.

I can't stress enough that the House deliberations are just the next step in this five-part process. President Bowles and the Board of Governors shared the UNC system budget request with the General Assembly. Governor Perdue and the Senate released their budget plans, which contained differences. After the House budget proposal is finalized, the Senate and House will appoint members of a joint conference committee to negotiate over a final state budget package. That process could continue well into the next fiscal year. Members of the House and Senate conference committee will face some very difficult choices for state government and our University system during their negotiations.

Meanwhile, thanks for all of your support and understanding about the uncertainty of this budget process. We're in a state of flux until we have firm numbers from a final state budget. That's likely to continue evolving over the next several weeks. I ask for your patience as we continue to work through this difficult period.

Sincerely,

Holden Thorp