December 14, 2009

MEMORANDUM

TO: Vice Chancellors  
Deans in Academic Affairs and Health Affairs  
Associate and Assistant Provosts  
Wayne Blair and Emil Kang

FROM: Bruce W. Carney  
Interim Executive Vice Chancellor and Provost

RE: Budget Planning Process 2010-2011

We will again begin the annual budget process early this year to permit more timely responses to requests for information on the effects of the economy, and to equip us with additional information for our advocacy efforts. We will conduct the budget hearings with roughly the same structure as last year. Although we are not sure of the State’s financial projections, we anticipate budget reductions in addition to those that we sustained last year. We are still holding the budget reversion centrally, but recognize that most of these funds, if not all, will be consumed by either the needs on campus that are going unmet this year, or by the Legislatively-mandated budget cuts. We have been told to expect budget reductions from the approved 2010-2011 budget at the 2% to 5% level and must plan accordingly. I ask you to submit to my office your planned cuts at only the 5% level. If the final cuts are smaller than that we will scale your planned cuts, taking into account the priorities discussed below.

You all have absorbed deep cuts this past year, and yet we have sustained our instructional core mission, and kept our most critical programs functioning well. I know that it has not been easy, and while next year will probably not be as bad as this year, it is still going to be a challenge, since besides cuts to state funding, we have two other challenges. First, to the best of your ability, you must not count on some endowment funds being available due to the substantial drop in their value. Further, the payments from the funds not “under water” will be decreased by 7.4% from last year due to lower rates of returns on investments.

As you and your colleagues consider your options, I ask that you keep two key points in mind. First, our core mission is student instruction, and you should do everything you can to enable all of our students to continue to receive the highest-quality instruction and to ensure that their academic progress continues without impediment. I will be very interested in hearing about this when we meet. Second, I expect that all of you have been considering how to conduct your business more efficiently. The
Carolina Counts enterprise being led by Joe Templeton and Mike Patil should provide some ideas in that regard. Again, I will be interested to hear what steps you are taking.

Please prepare a budget planning document and submit it to me electronically by the close of business on Friday, January 29, 2010. The document should be a maximum of five pages in length and consider the following topics as they apply to your unit:

1. Major concerns (non-budgetary) you face for this planning period. Please highlight elevated risks, vulnerabilities, or possible disruption to your unit that could adversely affect your programs or Carolina’s reputation.
2. A brief overview of your program goals for the next year. Please note changes in your strategic goals resulting from changes in resources.
3. Opportunities for significant new or modified programs, policies, or processes, including potential for interdisciplinary collaboration.
4. A summary of how you used outcomes assessment to enhance student learning or administrative effectiveness. Please give an example of any quality improvements made in your academic programs or administrative services as a result of assessment.
5. An itemized budget request noting recurring and non-recurring needs related to enrollment growth only (Form A attached).
6. Using the attached template Form B, explain how you would absorb 5% budget reductions. Although it is difficult to see opportunity in a permanent budget reduction, I encourage you to be strategic in your decisions rather than recommending across-the-board reductions. Please be as detailed as possible and use the template provided. This document (response to item 6) should be sent to Dave Perry.
7. Completion of the annual report for the University’s Plan for Diversity 2006-2010 (see http://www.unc.edu/diversity/diversityplan) which established five University-wide goals to enhance diversity at Carolina should also be completed as part of this request. Please use the forms on the website to prepare and submit your diversity report directly to the Office of Diversity and Multicultural Affairs. This part of your annual report is due on Friday, February 26. Please note that I take these plans very seriously.

In anticipation of receiving your budget and planning documents, I will schedule an individual meeting with each of you. Again, I plan to attend all of the hearings and if an emergency arises and I cannot attend, we can reschedule if you wish or hold the hearing as planned with the remaining team members. In addition to me, the core hearing team this year will include Vice Chancellor for Finance and Administration Richard Mann, Interim Senior Associate Provost Dave Perry, Assistant Provost Barron Matherly, and Executive Associate Provost Ronald Strauss. Associate Provost Carol Tresolini will serve as an alternate, as needed. I ask that you limit your representation to three people, one of whom should be your financial manager. This meeting will be confidential and focus exclusively on items 1, 3, 5, and 6 as noted above. We request that you not use PowerPoint presentations however you may provide team members with a handout (2 page limit). Please be prepared, as noted above, to discuss the proposed changes in your business practices to improve
efficiency and the effects of your cuts on instruction (if applicable). The UNC system administration continues to be concerned about the number of senior administrators in our organization so I ask that you give serious consideration to this concern and be prepared to discuss with me how you plan to respond within the context of your reduction target. To assist with your budgetary planning, the Office of Human Resources will be sending a list to each dean and vice chancellor of all EPA senior officer positions within their area of responsibility. This will be done in early January and will be a focal point in our hearings. Any questions regarding these lists should be directed to Matt Brody, Associate Vice Chancellor for Human Resources. If you have any questions about the 5% reduction estimate please contact McGregor Bell in the Budget Office.

With these discussions and your budget documents in mind, I will draft a comprehensive budget plan that can be shared with the University Priorities and Budget Advisory Committee (UPBAC) in June. Based on your original budget and planning documents, our discussions, and the input of UPBAC, I will formulate a draft of the comprehensive budget and bring that version to the Vice Chancellors meeting and the Deans’ Council. I hope that my successor will join us.

The final proposed budget document will be presented to Chancellor Thorp for his consideration. Upon his approval and adoption of a State budget by the Governor and the Legislature, you will be notified by my office of the approved budget changes for fiscal year 2010-2011.

As we proceed through this important series of deliberations, I welcome your comments on this process.

BWC:st
Attachments

cc: Chancellor Holden Thorp
    Vice Chancellor Richard Mann
    Vice Chancellor Brenda Malone
    Senior Associate Provost Elmira Mangum
    Executive Associate Provost Ron Strauss
    Associate Provost Carol Tresolini
    Assistant Provost Barron Matherly
    Budget Director, McGregor Bell
    Financial Managers