

Financial Implementation Plan 1990 - 1995

INTRODUCTION

For successful implementation of the strategic plan to take place, East Carolina University's resource allocations must be effectively linked to *University Directions*, implementation plans, and unit plans. The purpose of the financial implementation plan is to inform the planning units about the financial implications of *University Directions*. It establishes strategies for maximizing the University's resources, estimating the distribution of resources to implement the goals stated in *University Directions*, and improving the overall effectiveness of resource utilization. These strategies recognize the reality of our statutory nature and financial environment within the University of North Carolina system.

A formal budget planning process, guided by this implementation plan and all other planning documents, will facilitate the development of the University's request for state appropriation on a biennial basis and, annually, will address both the internal allocation of new resources as well as the distribution of existing ones.

CURRENT ASSESSMENT

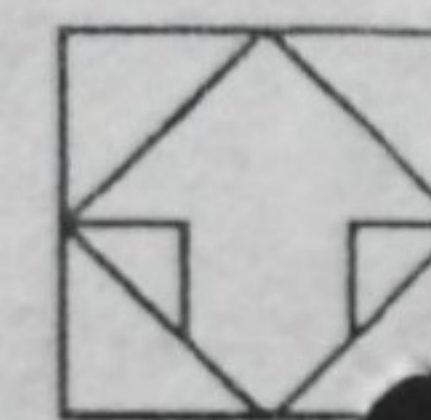
East Carolina University is one of sixteen state-supported institutions within the University of North Carolina. As such, its financial operations are strictly governed by the laws, rules, and regulations of the State of North Carolina. Capital and operating budgets are developed and authorized on a biennial basis. Appropriations are provided by line item, dramatically inhibiting the fungible nature of these resources. State appropriations have been further segregated between the School of Medicine and the remainder of the campus by the establishment of separate fund codes for each. All unspent funds revert to the State Treasury annually causing a true loss in spending power. This environment creates distinct challenges for responding to changing campus priorities.

East Carolina University receives the largest portion of its funding through appropriations by the State of North Carolina. On a total basis, these resources appear adequate for the accomplishment of the University's most basic mission but not the enhancement of its competitive advantage. The number of faculty positions funded by the legislature is established by an enrollment-driven formula based on the classification of the institution (i.e., baccalaureate, comprehensive, doctorate-granting). Funding of faculty salaries is also set at an average uniform basis throughout the North Carolina university system, again based on classification of the institution. Aside from a small group of management level positions (EPA), salaries for all other employees (SPA) are established by a very specific civil service-type system, centrally controlled by the State Personnel Office.

New positions and the related funding are received based on either enrollment increase funds, support for new facilities, or specific program requests. Funding of other operating expenses such as supplies, equipment, maintenance contracts, communications, and computing, though potentially supplemented in part from enrollment increase funding, is primarily established by historical base allocations, incremented over time by inflationary factors. In addition, such monies are very restricted in use, resulting in the expenditure of scarce discretionary resources for such essentials as faculty recruitment, candidate travel, and University-related entertainment.

In addition to the state appropriated funding, East Carolina University receives and expends resources in support of the following self-sufficient enterprises:

- ◆ Housing
- ◆ Food service
- ◆ Student health service
- ◆ Indirect cost recoveries
- ◆ Sponsored grants and contracts
- ◆ Medical faculty practice plan
- ◆ Intramurals and recreation services
- ◆ Athletics
- ◆ Private fund raising (i.e., ECU foundations)
- ◆ Other ancillary activities (e.g., student stores, central supply, motor pool, printing and duplicating, and parking)
- ◆ Student activity funds
- ◆ Miscellaneous trust and agency funds



While the first four funds listed above are controlled directly by the State of North Carolina, the remainder are merely reported to the State. Others, such as the foundations, are internally managed, providing far greater campus control and flexibility.

IMPLEMENTATION STRATEGIES

1. Increase the revenue base, placing greatest emphasis on flexible unrestricted resources

- a. Aggressively pursue additional state appropriations through budgetary and political processes
- b. Establish goals for and increase the amount of funds made available through private fund raising activities that can be targeted toward one or more of the strategic goals in the *University Directions* document
- c. Increase fees and charges as appropriate with priority on the establishment of a student laboratory and computer fee
- d. Establish goals for an increase in sponsored programs
- e. Require grants and contracts (above a certain dollar amount) to include the recovery of such direct costs as centralized computing, necessary building renovations, animal care, the purchase of personal computers, and other equipment
- f. Engage in ongoing review of appropriate returns to the University from faculty practice plans for related support costs
- g. Review pricing policies for all campus auxiliaries and academic services to ensure adequate cost recovery
- h. Encourage academic and industry cooperative ventures
- i. Encourage faculty entrepreneurial activities which can directly benefit the University
- j. Encourage the development of faculty practice arrangements in disciplines other than medicine

2. Perform analytical studies to gather the necessary information for informed allocation decision-making and to document comparative funding deficiencies vis-a-vis our need for additional state support

- a. Analyze state funding of East Carolina University in comparison with that of similar sister institutions within the University of North Carolina

- b. Review staffing and funding levels of academic and support departments relative to current and projected workloads

3. Enhance budget and reporting systems and processes

- a. Improve the quality and timeliness of management information

- b. Establish a campus-specific budget calendar to improve and coordinate budget planning, development, execution, and evaluation

- c. Establish and document a formal budget process for each source of funds and fund entity (state appropriations, foundations, agency amounts, etc.)

- d. Establish an annual reallocation process whereby a small percentage of funds would be drawn into a central pool in the beginning of each fiscal year for redeployment based on *University Directions*

- e. Require internal reallocations within divisions to address the *University Directions* and unit plans

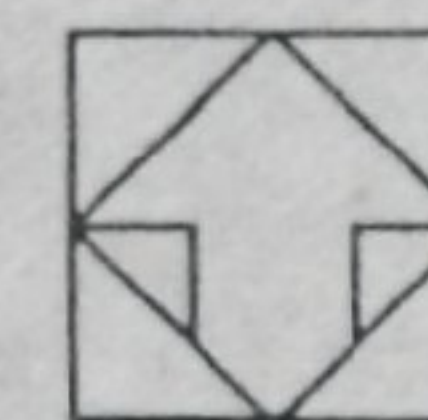
- f. Identify specific units for consideration of program-based budgeting

- g. Establish a process of formal budget hearings by division

- h. Integrate the capital budgeting process more directly into the total campus budget planning

- i. Establish an annual contingency fund to address emergencies and unique opportunities

- j. Expand reporting of financial information to the campus community



4. Maximize the use of and benefits derived from all allocations

- a. Propose flexibility initiatives to the General Administration of the University of North Carolina
- b. Review internal procedures to identify and eliminate, where appropriate, unnecessary budgetary and spending restrictions
- c. Review and eliminate inter-divisional duplication of effort
- d. Increase the effective use of student employees
- e. Establish a policy for effective deployment of indirect cost recoveries based on a fair incentive system
- f. Develop incentive programs to encourage cost savings
- g. Provide incentives for efficient management of resources

Establish appropriate chargeback systems to control the use of scarce resources

- i. Periodically review the effectiveness and efficiency of all campus service units
- j. Investigate cost effective alternatives for the provision of campus services
- k. Develop mechanisms for consolidating and expending excess operating funds at the end of each fiscal year
- l. Develop and fund an equipment replacement schedule

5. Deploy new monies and reallocate existing funds to accomplish the goals stated in University Directions

- a. Increase non-salary operating funds, with particular emphasis on supporting faculty and staff recruitment and development efforts, strengthening teaching effectiveness, and improving publications and communications
- b. Improve and expand the use of information resources (i.e., computing, libraries, and communications)

- c. Improve facilities maintenance and accomplish renovations identified in the Facilities Implementation Plan
- d. Invest start-up funds in identified doctoral programs
- e. Provide additional staff support to academic and service units consistent with *University Directions*, unit plan priorities for action, and program review results
- f. Improve faculty salaries in competitive disciplines
- g. Increase funding of scholarships and fellowships

The application of these priorities under two different funding scenarios is illustrated in Tables 1A & 1B.

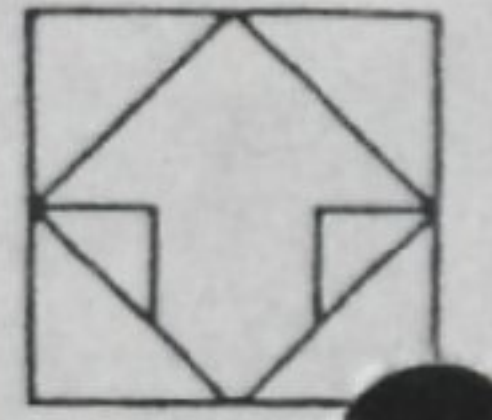


TABLE 1A

	Total	Faculty Salaries/ Positions	Staff Support	Operating Funds	Information Resources	Student Recruitment/ Scholarship
Undergraduate Distinction	\$550,000	\$0	\$80,000	\$200,000	\$250,000	\$20,000
Teaching Excellence	120,000	0	20,000	50,000	50,000	0
Academic Culture	20,000	0	0	20,000	0	0
Doctoral Programs	210,000	0	30,000	50,000	100,000	30,000
Research	50,000	0	0	0	50,000	0
Teacher Education	50,000	0	0	30,000	20,000	0
Total	\$1,000,000	\$0	\$130,000	\$350,000	\$470,000	\$50,000

TABLE 1B

	Total	Faculty Salaries/ Positions	Staff Support	Operating Funds	Information Resources	Student Recruitment/ Scholarship
Undergraduate Distinction	\$2,150,000	\$500,000	\$300,000	\$500,000	\$750,000	\$100,000
Teaching Excellence	600,000	0	100,000	250,000	250,000	0
Academic Culture	100,000	0	0	100,000	0	0
Doctoral Programs	1,400,000	600,000	150,000	250,000	250,000	150,000
Research	250,000	0	0	0	250,000	0
Teacher Education	500,000	150,000	100,000	150,000	100,000	0
Total	\$5,000,000	\$1,250,000	\$650,000	\$1,250,000	\$1,600,000	\$250,000