

Faculty Senate Meeting

Remarks by Chancellor Muse

October 9, 2001

A lot has happened since our last meeting. The events of September 11<sup>th</sup> have affected all of us in many ways. I am proud of the way this campus responded, particularly to the needs of our students. I want to thank ECU's Counseling Center, the Campus Ministries, and all of you for the many ways you helped.

After almost three months into the new fiscal year, the Governor received and signed the 2001-03 Biennial Budget for the State of North Carolina. The General Assembly struggled with the challenges of an economy moving towards recession, reductions in projected state revenues, a depleted "rainy day fund", necessary increases in certain program costs and the desire to maintain essential services to the citizens of our state. Fortunately, the University of North Carolina remained a high priority for our legislators. Otherwise, the news for ECU would be much worse than what I am about to share.

Due to a downward adjustment in regular term enrollment projections from the prior year, we were required to reduce our budget by approximately \$2.8 million. Our Distance Ed enrollment, however, is projected to be up dramatically, causing that portion of our budget to increase a little more than \$3 million. In addition, we were given \$352,000 to adjust for the difference in appropriations. The best news came with the approval of the final phase of Doctoral funding. A \$1.5 million appropriation was provided which includes seven new faculty positions and over \$500,000 in faculty salary adjustment funds. Likewise, over half of the \$2.5 million Campus-initiated Tuition Increase will be available to adjust faculty salaries after mandated need-based financial aid (\$800,000) is deducted. There is also an SPA salary adjustment pool (\$300,000) provided from these funds. These are the positives.

On the negative side, for the campus in total, our budgets were cut by almost \$3.5 million and a utility budget shortfall of as much as \$1.5 million went unfounded. The targeted cuts fell heavily on SPA and non-teaching EPA positions with a loss of 2.8% of those positions. Travel, equipment, contractual services, membership dues, temporary wages and cell phones were also on the General Assembly's "hit list". In the final hours of the deliberations, additional cuts were added for "administrative efficiency" and more cuts in travel.

While the increases are actually greater than the reductions, they do not fall evenly across the campus. The General Assembly was wise to leave the instructional mission virtually unscathed but to do so, administrative and service functions have been hit badly. Since the Brody School of Medicine did not benefit from the increases but took its share of the cuts, its budget is actually down by \$944,000. This will be a very

tight year in some portions of campus. Fortunately, ECU acted early and prudently in developing plans for various budget contingencies. Working cooperatively with the Faculty Senate's University Budget Committee, the administration has been able to put together a fiscal plan that mitigates the impact of the cuts and does so in a manner that prevents long term harm to programs and academic services while still addressing the priorities of our faculty. Dr. Morrison's participation on the Task Force for Campus Resource Allocation offered valuable input to the difficult decisions being faced. All in all, we have come through this process in a little better shape than I had thought earlier.

Do not believe, however, that we are out of the woods. Based on recent statements by the Governor, revenues are not coming in as projected in the new budget and additional fiscal constraints appear to be contemplated. For this reason, we are continuing our 5% managed freeze on SPA positions. Similar conservative actions are being considered in Academic Affairs. We do not know what the future will bring but we do not want to find ourselves in a position that requires layoffs or drastic expenditure cuts if at all avoidable. As we continue to work together, I am certain that we can still accomplish our goals as we prepare our campus for the future.

I have asked Bob Thompson to share with you information about salary increase dollars that are in the budget -- in a few minutes.

I was surprised at the last meeting to find that my first question was about parking. Since then I have learned that the University engaged a consulting firm, Chance Management of Philadelphia, to conduct a comprehensive review and analysis of ECU's parking problems. The consultant's report, received in March, is currently being evaluated by a Parking Study Subcommittee of the Parking & Transportation Committee. I am anticipating recommendations from this group that we can consider implementing in the next fiscal year. Improving Parking, particularly on the core campus, is a challenging task, but we need to explore every feasible alternative.