

UBC report to Faculty Senate

January 25, 2011

Sources of information:

ECU annual financial reports: <http://www.ecu.edu/cs-acad/ipar/accreditation/ECUAnnualFinancialReports.cfm>

ECU fact books: <http://www.ecu.edu/cs-acad/ipar/research/FactBook.cfm>

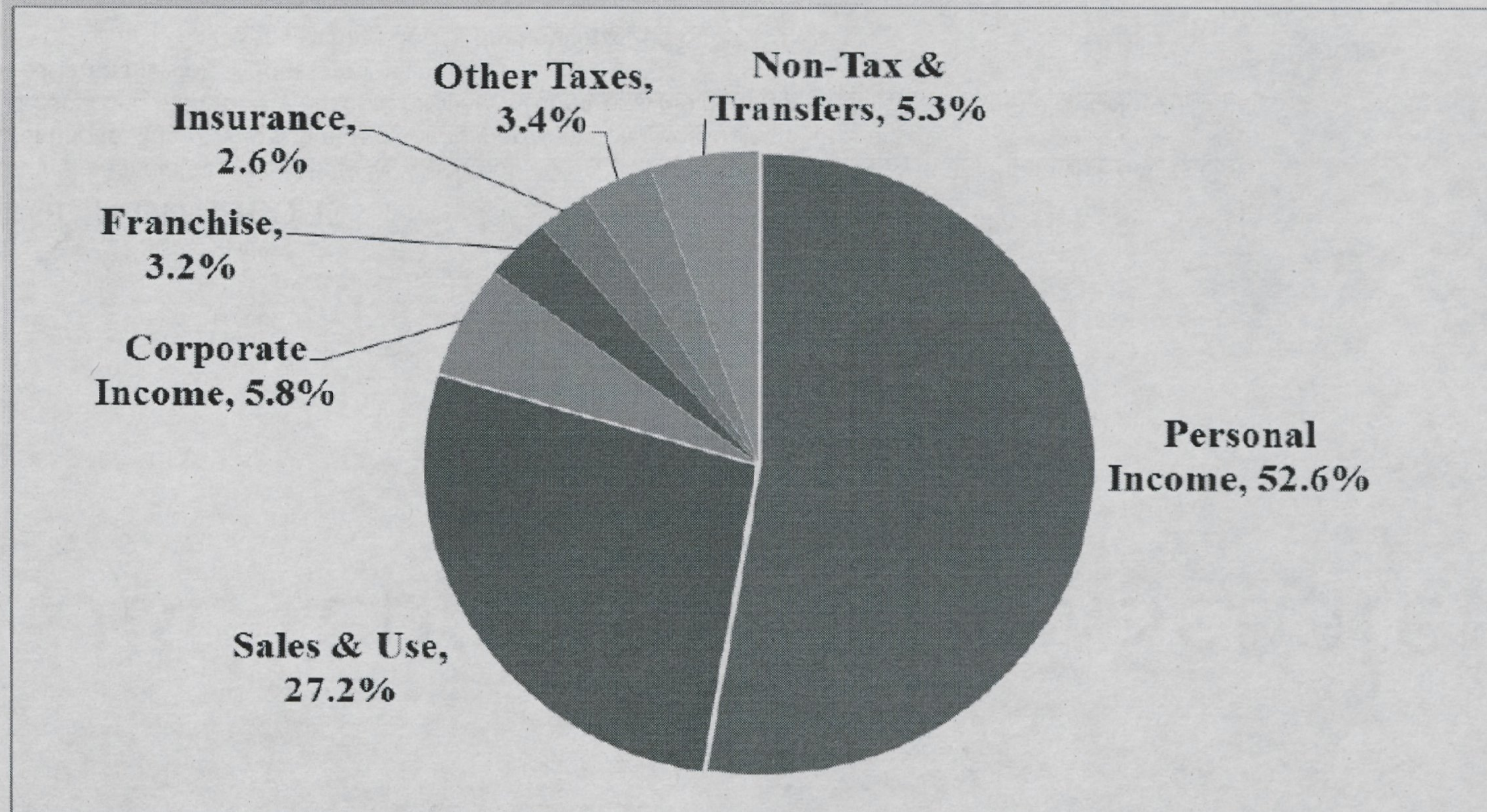
AASCU fiscal and state policy outlook: <http://www.congressweb.com/aascu/docfiles/StateOutlook-Nov2010.pdf>

Fiscal research division: [Budget gap estimate 2011-12](#)

[General fund and budget outlook 2011-12](#)

State Budget Categories

Average State General Fund, FY 2000-01 to FY 2009-10



FY 2010-11 State General Fund Budget

Subcommittee/Area	Net Appropriation¹	% of Total
Education	10,807,660,079	57.00%
Health & Human Services	3,949,918,671	20.83%
Justice & Public Safety	2,115,263,447	11.16%
Natural & Economic Resources	467,727,028	2.47%
General Government	439,210,275	2.32%
Capital & Debt Service	718,695,003	3.79%
Salaries & Benefits - Reserves	437,479,709	2.31%
Other Reserves	23,040,000	0.12%
TOTAL	\$18,958,994,212	100.00%

Note: ¹Includes general purpose revenue such as income and sales tax; does not include agency receipts.

NC's Major Budget Categories

FY 2010-11

Major Budget Category	Net G.F. Appropriations	% of total
Public Schools	7,085,588,912	37%
Higher Education ¹	3,722,071,167	20%
Medicaid	2,368,365,829	12%
Correction	1,285,252,983	7%
Mental Health	705,476,614	4%
Natural & Econ. Resources	467,727,028	2%
Courts ²	566,019,508	3%
Capital and Debt	718,695,003	4%
<u>Other</u>	<u>2,039,797,168</u>	<u>11%</u>
TOTAL	\$18,958,994,212	100%

¹Includes universities and community colleges.

²Includes courts and indigent defense.

Spending Pressures: Higher Education

Fiscal Facts

Universities

- \$2.7 billion budget; 14.1% of General Fund¹
- Average annual growth:
 - 4% budget²
 - 3.3% enrollment³
- Growth in past 10 years:
 - 48% budget²
 - 38% enrollment³

Community Colleges

- \$1.1 billion budget; 5.6% of General Fund¹
- Average annual growth:
 - 5.1% budget²
 - 5.1% enrollment³
- Growth in past 10 years:
 - 64% budget²
 - 65% enrollment³

¹Includes general purpose revenue such as income and sales tax; does not include agency receipts.

²From FY 2000-01 through FY 2010-11.

³From FY 1999-00 through FY 2009-10.

Spending Pressures: Higher Education

Opportunities for Budget Change

- Increase tuition
- Reduce per student funding
- Eliminate or reduce specific degree or non-degree programs or functions
- Incentivize course offerings in high employability areas
- Pursue performance-based funding

Constraints for Change

- State is mandated to provide system of higher education as free as practicable.¹
- Accreditation
- Maintenance of effort is required for certain federal funds

¹NC Constitution, Article IX, Section 8.

State Budget Gap

- 2011 marks NC's 3rd consecutive budget gap
- General Assembly closed the following budget gaps:¹
 - \$4.6 billion in FY 2009-10
 - \$5.8 billion in FY 2010-11

The FY 2010-11 Budget gap was closed in large measure by:

- \$1.6 billion from federal ARRA funds
- \$1.1 billion from the 1% temporary sales tax increase

Both of these items are due to expire in June

Preliminary FY 2011-12 Budget Gap Estimate

FY 2010-11 Revenue Availability	\$19.0 billion
Expiration of 1% Sales Tax	- 1.1 billion
Expiration of Corporate and Personal Income Surtaxes	- 0.2 billion
Other One-Time Revenue Adjustments	- 0.2 billion
Preliminary Estimate of Revenue Growth	<u>+ 0.7 billion</u>
Preliminary Availability Estimate for FY 2011-12	\$18.2 billion
FY 2010-11 Certified Budget	\$19.0 billion
State Funds Needed to Replace Federal ARRA Funds	+ 1.6 billion
Other One-time Budget Adjustments	+ 0.4 billion
Retirement System Contribution	+ 0.3 billion
State Health Plan	+ 0.2 billion
K-12 and Higher Education Enrollment	+ 0.2 billion
Medicaid	<u>+ 0.2 billion</u>
Preliminary Estimate of FY 2011-12 Budget	\$21.9 billion
Preliminary Estimate of Budget Gap	-\$ 3.7 billion

History of Budget Cuts at ECU

East Carolina University ECU BUDGET REDUCTION HISTORY 2001/02 - 2010/11

16065 ACADEMIC AFFAIRS

Description	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	TOTAL
Permanent Reductions	\$2,481,364	\$3,744,223	\$4,114,844	\$1,856,972	\$3,234,998	\$213,575	\$1,312,015	\$2,045,120	\$16,898,251	\$8,680,000	\$44,581,362
One Time Reductions	10,871,424	5,974,874	3,517,242	1,088,066	0	0	0	29,962,192	11,815,442	7,238,545	70,467,785
Receipt Reversions	455,704	749,927	0	0	0	0	0	3,629,761	0		4,835,392
TOTAL	\$13,808,492	\$10,469,024	\$7,632,086	\$2,945,038	\$3,234,998	\$213,575	\$1,312,015	\$35,637,073	\$28,713,693	\$15,918,545	\$119,884,539

16066 BRODY SCHOOL OF MEDICINE, SCHOOL OF DENTISTRY, AND LAUPUS LIBRARY

Permanent Reductions	\$990,149	\$1,414,050	\$1,364,321	\$645,057	\$770,604	\$0	\$612,428	\$467,388	\$2,242,830	\$2,170,000	\$10,676,827
One Time Reductions	2,845,464	1,741,350	1,214,095	331,120	0	0	0	6,240,034	2,729,737	569,457	15,671,257
Appropriation of Medicare Funds	0	0	0	0	0	0	0	0	0	0	0
TOTAL	\$3,835,613	\$3,155,400	\$2,578,416	\$976,177	\$770,604	0	\$612,428	\$6,707,422	\$4,972,567	\$2,739,457	\$26,348,084

ENTIRE INSTITUTION

Permanent Reductions	\$3,471,513	\$5,158,273	\$5,479,165	\$2,502,029	\$4,005,602	\$213,575	\$1,924,443	\$2,512,508	\$19,141,081	\$10,850,000	\$55,258,189
One Time Reductions	13,716,888	7,716,224	4,731,337	1,419,186	0	0	0	36,202,226	14,545,179 *	7,808,002	86,139,042
Receipt Reversions/Medicare Fur	455,704	749,927	0	0	0	0	0	3,629,761	0		4,835,392
INSTITUTIONAL TOTAL	\$17,644,105	\$13,624,424	\$10,210,502	\$3,921,215	\$4,005,602	\$213,575	\$1,924,443	\$42,344,495	\$33,686,260	\$18,658,002	\$146,232,623

Changes in Enrollment, Faculty, and Budget

	2001/2002	2009/2010
Students	19,412	27,654 (42.4%)
Faculty	1,355	1,782 (31.5%)
Total Revenues	\$434.7 million	\$756.9 million (74.1%)
State Approp. (% of total)	\$165.1 million (38%)	\$ 263.5 million (34.8%)

- 33% of Workforce is faculty
- 20% cut in state appropriation equates to \$60 million or ~ 7.5% of total revenue
- 63% of ECU budget expenses is for salary and benefits
- Most other budget expenses are relatively fixed expenses

Magnitude of budget cut will depend on several factors:

- Final revenue numbers at the state and how the reductions needed to close the budget gap are allocated
- Whether and how much enrollment growth funding will be provided
- Whether and how much tuition and fees will be increased

ECU Expenses by Category 2010

