

**Faculty Senate Meeting**  
**March 29, 2011**

University Budget Committee Report to Faculty Senate

The State of North Carolina continues to work on closing the large budget gap for the 2011-2012 fiscal year. While the most recent data from the Fiscal Research Division of the NC General assembly shows that revenues are slightly ahead of projected values to this point, the State still faces a large budget deficit in the second half of the biennium beginning in July 2011. The majority of the more than 3 billion dollar deficit is the result of the disappearance of Federal stimulus fund, and the scheduled loss of the temporary 1% sales tax increase that together were largely responsible for closing the multibillion dollar budget gap for this current fiscal year. With these realities, it is likely that the UNC system and ECU will yet again face substantial cuts in state appropriations in the coming budget year.

The budget that Governor Purdie proposed is now being considered and debated by the NC General Assembly. Under the Governor's proposed budget, which many consider a best case scenario, the UNC system would face a substantial base budget cut of around 8% to be shared among the constituent institutions. However her proposed budget preserves enrollment growth funding, and additional funding for the Dental School. What remains uncertain is what the final budget results will be after it works its way through the General Assembly. At this time, there is concern that the ultimate reduction to the base budget could be higher, and that enrollment growth funding could be curtailed. The magnitude of any authorized increases in tuition and fees can help offset budget cuts to some degree, but again the amount the General Assembly will authorize is not known. The magnitude of required budget cuts will also depend on the willingness of the Legislature to continue the temporary increase in sales tax either in whole or in part. After April 15<sup>th</sup>, there will be more precise data on which to forecast revenues for the next year, but also the possibility that there may be reversions if final tax revenue is not as expected. At this time, the University continues to work on ways to meet the projected cuts.

The UBC has also been participating in interviewing candidates to fill the position of Vice Chancellor for Administration and Finance during their visits to campus. We have met with two of the candidates so far, with the remaining visits scheduled in the next 10 days.