

East Carolina University 2008/09 Budget Reductions

Permanent reductions in 2008/09 (\$2.4M)

- \$765K of second portion of 2007/08 reductions
- \$1.7M of new reduction in 2008/09
- Reductions distributed proportionately to each division
- Each Vice Chancellor directed to follow budget reduction guidelines from General Administration
- General Administration budget reduction guidelines
 - **Campuses can not** take reductions from:
 - Enrollment growth funds
 - Need based financial aid
 - Campuses should consider the following areas:
 - Academic administration
 - Public Relations and Advancement Offices
 - State funded activities not directly related to student enrollment and course delivery
 - Low productivity/low enrollment programs
 - Appropriate alignment of funding sources
 - Personnel/Faculty development and human resources
 - Vacant positions
 - Middle management
 - Telecommunications
 - Program coordination
 - Inter-institutional Centers, Intra-institutional Centers, Institutes, Affiliated Entities, and Campus Centers
- Some of the actions taken:
 - Elimination/consolidation of academic administration positions
 - Elimination of vacant faculty positions
 - Elimination of vacant staff positions
 - Reduction of operating funds

One-time reductions in 2008/09 (\$15M or more)

- Currently is 6% or \$15+M for ECU
- UNC General Administration is expecting and ECU is planning for 7% or \$18+M
- Funds to cover the one-time reductions come from:
 - Vacant positions
 - Salary reserves
 - Unspent operating funds
 - Tuition revenue greater than projections
 - Contingency funds
 - Carry forward balances from previous fiscal years
- One-time reductions are managed through Budget Management Guidelines:
 - Initially implemented in October 2008
 - Revised in January 2009
 - Keep vacant positions vacant through 6/30/09
 - Eliminate non-essential travel particularly out of state travel
 - Eliminate salary increases
 - Eliminate non-essential purchasing
 - Enforce heating /cooling standards and implement “turn back” schedules
- Mandatory reduction of operating funds
- **UNC System does not have the authority to implement mandatory furloughs, mandatory salary reductions or early retirement incentive programs**
- Communication
 - Chancellor’s Executive Council
 - Deans
 - Faculty Senate
 - Faculty Senate Budget Committee
 - Staff Senate
 - University Budget Task Force
 - Open forums

Non-State funds

- Balances carry forward
- Provide flexibility
- Good stewardship
- Purposes may change next year

On October 7, 2008 the university's leadership implemented the 2008/09 Non-Recurring Budget Management Guidelines (Guidelines), a set of actions to meet a 2% non-recurring appropriation budget reduction for all state agencies, including the UNC System. The reduction was implemented by Governor Easley through the Office of State Budget and Management (OSBM) to deal with the possibility of a state revenue shortfall and to ensure that the budget was balanced.

In December, Governor Easley announced an increase in the reduction for the UNC System to 4% and in January Governor Perdue increased it to 6%. A 6% reduction translates into approximately a \$15 million reduction for East Carolina University (ECU). Conversations with members of General Administration indicate the reduction is likely to increase before the end of the fiscal year.

Given these circumstances, the university's leadership has agreed to revise the October Guidelines to meet the current reduction and prepare for a possible additional nonrecurring reduction. **These guidelines apply to transactions involving state funds only.**

- All vacant positions, including those resulting from new funding in 2008/09 must remain vacant until **June 30, 2009**. Positions for which a written employment commitment has been made may be filled. All other requests for exceptions must be justified and approved in writing by the appropriate vice chancellor. Recruitment activities for vacant positions may be initiated with the caveat that a final employment commitment is dependent on the availability of funds. Current recruitment activities should be reviewed with the appropriate vice chancellor to be certain they are still approved exceptions to the guidelines.
- All new salary increases including stipends, career progression/in-range salary adjustments, etc. are prohibited. Requests for exceptions must clearly identify the essential nature of the increase and must be approved in writing by the appropriate vice chancellor. The Chancellor believes strongly that salary increases must be supported by annual performance reviews. Since reviews are not due for several months, very few exceptions are expected.
- Non-essential travel, especially out-of-state travel, must be eliminated. Requests for exceptions must be justified based on the essential nature of the travel (fundraising, admissions, athletic competition, etc.) and approved in writing by the appropriate vice chancellor. In addition prepaid, non-refundable travel may be permitted but must be approved in writing by the appropriate vice chancellor. Out-of-state travel by faculty should be limited to trips deemed essential by the appropriate dean and approved in writing by the appropriate vice chancellor.
- All non-essential purchase of materials, supplies, services, furniture, equipment, etc. must cease. Only purchases for law enforcement, health care, public safety, classroom instruction and the maintenance and repair of campus operations are approved exceptions to this policy. In addition, student financial aid awards are also an approved exception. Current ongoing commitments for items such as subscriptions, maintenance agreements, leases, etc. may be continued. Exceptions must clearly identify the essential nature of the purchase and must be approved in writing by the appropriate vice chancellor.
- Appropriate energy conservation efforts must be increased to reduce utility costs. Building temperature guidelines will be reviewed and strictly enforced. Other information regarding the university's energy conservation efforts can be found at http://www.ecu.edu/facility_serv/energy/energypage.html

The revised budget management guidelines are in effect immediately and will remain in effect until modified by the Chancellor. While these guidelines are expected to result in some disruption of normal operations, these actions are necessary to keep the state budget in balance. Requests for exceptions to these guidelines must be addressed to the appropriate vice chancellor. General questions regarding these guidelines should be addressed to Anne Jenkins at 737-1133 or Jenkinsa@ecu.edu.