

2009/10 Budget Update ECU Board of Trustees

9/24/09

Agenda

1. Budget Reductions
 - A. Context - 3 year History
 - B. 2009/10 Budget Reduction Calculation
 - C. 2009/10 Reduction Plan
2. 2009/10 New Funding - Sources and Uses
 - A. Enrollment Growth Funding
 - B. State Appropriation
 - C. Campus Based Tuition Increases
 - D. One-Time Funding

Budget Reductions

- A. Context - 3 year History
- B. 2009/10 Budget Reduction Calculation
- C. 2009/10 Reduction Plan

Context - 3 Year Summary of Budget Reductions

	<u>Permanent</u>	<u>One-Time</u>
2008/09	\$ 2.5M	\$40.0M
2009/10	\$19.1M	\$14.5M
2010/11*	<u>\$ 6.1M</u>	<u>TBD</u>
Totals	<u>\$27.7M</u>	<u>\$54.5M</u>

ECU 3 Year Grand Total \$82.2M

*Projected
9/24/2009

2009/10 ECU Permanent Budget Reduction Calculation

Base Reduction	\$ 9.5M
Continuation Budget Reduction	<u>9.6M</u>
ECU Total Permanent Reduction	\$19.1M

2009/10 ECU One-Time Budget Reduction Calculation

Authorized State Appropriation	\$ 288M
OSBM Reversion Rate	<u>x .05</u>
ECU Total One-Time Reduction	\$14.5M

2009/10 ECU Total Budget Reduction Calculation

ECU Total Permanent Reductions	\$19.1M
ECU Total One-Time Reduction	<u>\$14.5M</u>
ECU Total Reductions	\$33.6M

Note: When the \$5M of new state appropriation for the Health Sciences Division is considered the net reduction becomes \$28.6M and when the \$8.1M of new state appropriation for enrollment growth is considered the net reduction becomes \$20.5M

2009/10 Categorization of ECU's Permanent Reduction Plan

Permanent Administrative Cuts	
Legislatively Specified	\$10.0M
Permanent Administrative Cuts	
Campus Discretion	\$ 7.5M
Permanent Academic Cuts	
Campus Discretion	<u>\$ 1.6M</u>
ECU Total	\$19.1M

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Categorization of ECU's One-Time Reduction Plan

Administrative Cuts	\$ 7.2M
Academic Cuts	<u>\$ 7.3M</u>
ECU Total	\$14.5M

2009/10 ECU's Total Reduction Plan

Permanent Administrative Cuts	\$17.5M
One-Time Administrative Cuts	<u>7.2M</u>
Total Administrative Cuts	\$24.7M
Permanent Academic Cuts	\$ 1.6M
One-Time Academic Cuts	<u>7.3M</u>
Total Academic Cuts	<u>\$ 8.9M</u>
ECU Total	\$33.6M

2009/10

ECU Permanent Reduction Plan Details

Business Affairs	\$1.9M
Campus Operations	1.4M
Realign Funding	0.1M
Advancement	0.3M
Academic Administration	2.6M
Library	0.2M
Workload Efficiency	1.4M

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ECU Permanent Reduction Plan Details (cont'd)

Centers and Institutes	\$ 1.2M
Legislators Leadership School	0.2M
Tuition Waivers	<u>0.2M</u>
Base Reduction Subtotal	\$ 9.5M
Continuation Budget	<u>9.6M</u>
ECU Total	\$19.1M

2009/10 ECU Permanent Reduction Plan

ECU's 9% Plan	\$25.5M
ECU's 2009/10 Base Reduction	<u>9.5M</u>
ECU's 9% Plan Balance*	\$16.0M

*The 9% Plan Balance is being held on campus in a special account to cover the 5% one-time cut , cover 2010/11 permanent cuts and possible investment in future academic strategic initiatives

2009/10 ECU New Funding Sources and Uses

- A. Enrollment Growth Funding
- B. State Appropriation
- C. Campus Based Tuition Increases
- D. One-Time Funding

2009/10 ECU Sources Enrollment Growth Funding

Model Generated Need	
• Faculty Salaries*	\$3.8M
• Other Academic Support	1.7M
• Library	0.6M
• General Institutional Support	<u>3.0M</u>
Total Model Generated Need	\$9.1M
• Less: Total Expected Tuition	<u>1.0M</u>
ECU New State Appropriation	\$8.1M

*47.71 faculty positions at \$80,181/position

2009/10 ECU Uses Enrollment Growth Funding

- Enrollment Growth
 - Salaries and benefits for ~48 new faculty positions
 - Operating support for colleges
 - Library purchases
 - Support for Nursing and Allied Health
- Strategic Academic Initiatives (TBD)
 - STEM
 - Outreach Scholars
 - Health Disparities
 - Metabolic Program
 - Retention Program

2009/10 ECU Uses Enrollment Growth (cont'd)

- Infrastructure
 - Enrollment management operations
 - Financial services, human resources, information technology, etc.
 - Research business functions
- Institutional Mandates
 - Campus safety
 - Enterprise risk management
 - SACS & assessment office
- Structural Corrections

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2009/10 ECU Sources Campus Based Tuition Increases*

Undergraduate	\$1.6M
Graduate	\$0.3M
Professional	\$0.3M
COB	<u>\$0.5M</u>
ECU TOTAL	\$2.7M

* Projected

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2009/10 ECU Uses Campus Based Tuition Increases

- Financial aid to students (UG, G, Prof & COB)
- Increase course offerings (UG)
- Pirate tutoring center (UG)
- Support faculty retention and recruitment (Prof)
- Academic infrastructure support costs (Prof)
- Graduate office program operations, student support, and personnel (COB)

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2009/10 ECU Sources State Appropriation

Indigent Care	\$2M
Dental School Operating	<u>\$3M</u>
ECU TOTAL	\$5M

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2009/10 ECU Uses State Appropriation

- Defray the cost incurred by BSOM clinical departments which provide charity care
- Hire faculty and staff necessary to develop the academic program for the new dental school

2009/10 ECU Sources One-Time Funds

Projected Lapsed Salaries	\$ 8.0M
Uncommitted Revenue	\$ 2.2M
Emergency (Contingency) Fund	\$ 6.9M
Balance of 9% Plan	<u>\$16.0M</u>
ECU Total	\$33.1M

2009/10 ECU Uses One-Time Funds

- 5% Budget Reversion
- RIF Expenses
- Strategic Priorities/Prior Commitments
- Continuation Budget Items

2009/10 ECU Budget Management Guidelines

- State Budget Office rescinds July 24th memo
- State Budget Office institutes a 5% one-time reduction for 2009/10 fiscal year
 - Written exceptions require pre-approval
 - Hold vacancies where appropriate
 - Limit purchase orders
 - Restrict travel and compensation adjustments
 - Agency head approval

2009/10 ECU Budget Management Guidelines

- New ECU Budget Management Guidelines
 - No new administrative positions without Chancellor's approval
 - Prudent spending
 - Vice Chancellor oversight
 - Focus on instruction and student support
 - Spend more evenly through the year

The End

Questions?