

Division of Business and Finance

Budget Update

August 2, 2013



North Carolina Agricultural and Technical State University



State Budget Update

(as of July 22, 2013)

- The process of adopting a budget for the State of North Carolina is a multi-tiered approach.
- The process begins with the Governor submitting a proposed budget to the General Assembly.
- The Senate and the House both deliberate and propose separate budgets.
- A Joint Committee comprised of members of the Senate and the House deliberate and then propose a final budget.
- The process concludes with the General Assembly approving the Joint Committee Budget for submission and approval by the Governor.



Political Landscape

- For the first time since 1898, leadership in both chambers of the North Carolina General Assembly changed simultaneously in 2010.
- Additionally, the elections of 2012 resulted in a Republican Governor and a supermajority in both Chambers.
- The priorities appear to be focused on items such as tax reform and health care.



Summary of Budget Deliberations

- On July 21, 2012, the Joint Conference Committee submitted a \$20.6 billion budget to the General Assembly for approval.
- This represents a 2% increase in spending.
- The primary areas of focus were addressing Medicaid challenges and tax reform.



Summary of Budget Deliberations (continued)

- The Budget recommends a reduction to Education (Community Colleges, Public Education, and the University System) of 2.2% or \$260 million.
- The proposed reduction to the UNC System is in excess of 4.5% or \$126 million.
- It includes targeted operational efficiency reductions in Academic and Administrative areas of \$25.8 million.



Summary of Budget Deliberations (continued)

- The Budget includes an additional flexibility reduction of \$65.8 million.
- In FY 2014-15 the budget includes a provision to increase nonresident undergraduate tuition by 12.3% for 6 institutions (including North Carolina A&T) and 6% for all other UNC institutions.



North Carolina A&T Impact

- The UNC System is currently finalizing the allocations of these reductions to the member Universities.
- We anticipate these reductions being finalized by the end of July or early August.
- The potential reduction to the University could range from \$4 to \$4.5 million.
- Nonresident undergraduate tuition could increase by approximately \$1,700 in the FY 2014-15 fiscal year.



North Carolina A&T Budget Reductions

- As previously reported, the University implemented a \$9.2 million budget reduction to align our expenditures with projected revenues and in anticipation of the State Budget reduction.
- The reductions were allocated between our Academic and Administrative functions.
- One of the primary goals was to protect the classroom to the greatest extent possible.



North Carolina A&T Budget Reductions (continued)

- The anticipated reduction will impact 57 positions totaling \$3.5 million.
- Of the 57 positions, 15 are faculty and 42 are administrative.
- Nonpersonnel reductions total approximately \$5.7 million.



Next Steps

- The General Assembly will finalize the State Budget.
- Reductions will be communicated to the UNC System.
- The System will allocate the reductions to the member institutions.
- The University will implement all reductions.



Questions.....

