

DIVISION OF BUSINESS AND FINANCE

BUDGET UPDATE

February 20, 2014



North Carolina Agricultural and Technical State University



Presentation Outline

- Governor's Priorities 2014-15
- UNC System Priorities
- Potential Impact to North Carolina A&T



GOVERNOR'S PRIORITIES

- Education
- Economy
- Efficiency of Services



Governor's Priorities (continued)

- Starting salary increases for public school teachers is the top priority.
- Proposal calls for a \$2,200 increase in 2014-15 and an additional \$2,000 in 2015-16 to bring the starting salary for teachers to \$35,000.
- The State will announce plans for all other state employees as the revenue outlook is determined.



State Budget for 2014-15

Approved Reductions

- Efficiency Reductions - \$12.2 million.
- Flexibility Reductions - \$7.8 million.
- Nonresident Undergraduate Tuition increases – 12.3% at 3 Universities including North Carolina A&T and 6% at all other institutions, except for UNCC and NCSU.
- A 12.3% tuition rate change to nonresident students will result in a \$1,765 increase.



State Budget for 2014-15

Proposed Additional Reduction

- The State Budget Director has requested that all State Agencies prepare a budget reduction scenario of 2 percent to potentially fund teacher salary increases.
- The initiative will require approximately \$200 million.



UNC SYSTEM PRIORITIES

- Strategic Plan Investments - \$38 million
- Eliminate Management Flexibility Reduction - \$7.8 million
- Repeal Nonresident Tuition Increase - \$27.2 million
- Carryforward Reform
- Retention of Talented Workforce



Potential Budgetary Impact to North Carolina A&T

- The Board of Governor priorities basically propose no further reductions to UNC System for FY 14-15.
- The approved budget would result in approximately a \$1 million budget reduction to the University.
- A 2% additional reduction scenario would impact the University by approximately \$2.6 million.
- The overall budgetary impact could range from no reduction to a 3% reduction.



Potential Budgetary Impact to North Carolina A&T (continued)

Efficiency Reductions	\$ 600,000
Management Flexibility Reduction	400,000
Additional 2% Reduction	<u>2,600,000</u>
Total Potential Impact	\$3,600,000



Potential Budgetary Impact to North Carolina A&T (continued)

- The General Assembly will convene for the short session on May 14, 2014.
- In preparation for the reduction, the University will prepare contingency scenarios reducing our budgets by 1% and 3%, respectively.
- Further information on the execution of these scenarios will be distributed by the end of February.



History of Budget Reductions Fiscal Years 2008-2014

Fiscal Year	Amount	Position Eliminations
2008	\$591,376	0
2009	\$1,094,000	12
2010	\$5,139,349	32
2011	\$4,000,000	0
2012	\$14,171,475	147.4
2013	-	0
2014	\$9,200,000	53
Total	\$34,196,200	244.4

Note: The reduction for FY 15 could range from approximately \$1 million to \$3.6 million.



QUESTIONS!