

Chancellor Woodson's Message on the Budget 1-18-2011

Each year about this time, state agencies and universities begin planning annual budgets. I wanted to talk to you today about how NC State is approaching this year's budget planning.

Our governor and state legislators are beginning the task of responding to the state's drastic budget shortfall of almost four billion dollars. It's not an overstatement to say this is the most difficult budget challenge the state and the university have faced since the great depression.

The state's universities have been asked to prepare for budget cuts of as much as 15 percent. For NC State, that translates to almost 80 million dollars. Taking a one-time, 15 percent reduction is not an easy or painless task as you know from having taken smaller cuts over the last two years. Here's the more pressing reality: every signal indicates that this is not a one-time reduction but a long-term readjustment to our state funding.

While much is still unknown about the state budget, we cannot wait for the final outcome of this fiscal crisis to take action. As part of our ongoing strategic plan discussion, the Resource Strategies Task Force has already recommended a broad review of our budget and business operations. I agree with this recommendation.

What we are facing necessitates fundamental changes in the way we operate the university. We must be smart, creative and think broadly and long-term about the best interests of our institution. In short, everything is on the table.

Over the next few weeks, we will carry out the work of responding to this budget crisis. Our response should be to take every effort to restructure our organization with the assumption of a shrinking state budget going forward.

As we examine our options, we will abide by five principles:

- 1) Protect to the extent possible instruction and student support.
- 2) Maintain and enhance the strength of our faculty.
- 3) Build on our reputation as a leading research university by enhancing the capacity of our faculty and staff to discover new knowledge and transfer this knowledge to the marketplace for the benefit of all North Carolinians.
- 4) Ensure well-maintained facilities and campus that support a safe and exceptional learning environment for our students.
- 5) Ensure our continued position as one of the nation's best values, combining quality and affordability to deliver a very strong return on investment for our students.

In keeping with these principles, I am asking Provost Warwick Arden and Vice Chancellor Charles Leffler to take the following actions:

- 1) Consolidate decentralized business services into service centers distributed throughout the university campus, but reporting centrally.
 - These service centers should provide exceptional service to faculty and staff in human resources, purchasing, travel, pre-award and post-award grants and contracts administration, as well as other administrative support functions.
 - This consolidation will be organized to eliminate redundancy and reduce bureaucracy.
- 2) Consolidate select academic units in an effort to reduce administrative cost and improve synergy in the delivery of academic programs and research opportunities. Similarly, I will review our central administrative units for opportunities to consolidate.
- 3) Review all low-enrolled courses and academic degree programs and under-subscribed majors and minors for possible elimination. We cannot and should not be all things to all people, given the capacity of other universities in the UNC System. In this effort, we will consider our unique mission within the system and ensure our continued capacity to deliver on this mission for our students and stakeholders.
- 4) Review the delivery of student support programs distributed across various units of the university in an effort to ensure we are providing the best service possible to promote the academic success of our students.
- 5) Reduce organizational bureaucracy by reviewing university policies, rules and regulations.

There is no doubt that we will lose positions with such a deep reduction in our budget. Our top three business operations expenditures are labor-related. But let me quickly add that new efficiencies gained through restructuring will have the net effect of negating some of our job losses and is our best opportunity to minimize the impact on our employees.

I ask that this plan be delivered for my review and approval by March 15. We will then develop more formal timelines for implementation with a July 1 launch date.

We will soon complete a strategic plan that will reaffirm NC State's commitment to be a world-class, research intensive, comprehensive university. While the budget deficit and reductions present challenges, our budget conversations and new strategic plan should be forward-thinking with a goal of a university that emerges as a stronger, more flexible and dynamic institution.

Difficult decisions are ahead of us; there are no easy answers. I appreciate your patience and understanding as we navigate extraordinary economic times

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