

NORTH CAROLINA STATE UNIVERSITY – approved version
Staff Senate Meeting
Talley Student Center, Walnut Room
Wednesday, February 4, 2009

Present: Paul Adams, Ron Aman, Chris Austin, Donise Benton, Tracy Brown, Billy Bryant, Marcia Bryan, Thelia Burrell, Lynn Burris, Steve Carlton, Susan Colby, Tuesday Cross, Erica Cutchins, Judy Daniels, Joe Darkoh, Robert Davis, Joan Davis, David DeFoor, Emily Dell, Regina Gardner, Mary Harrell, Michelle Healey, Pat Hill, Valerie Jones, Christine Klein, Carrie Levow, Fran Little, Dale Mackey, Laura Massengill, Claudia Mello, Catherine Reeve, Marquette Russell, Jill Schmitter, Missy Seate, Beth Simmons, Joy Smith, Marie Talley, Elbert Turner, Christie Vann, Melissa Watkins, Natalie Worth, Mary Yemma

Absent: Christine Brownfield, Randy Colby, Randy Davis, Michael Ellison, Melissa Godwin, Joy Holland, Kenneth Holland, Shannon James, Shirley Jones, Sandy Kanupp, David Ladrie, DJ Lane, Amy Lubas, Douglas Lynn, Mary Lee Mazarick, Jane McDaniel, Vicky Merritt, Cynthia Payne, Kent Rorem, Rob Stevenson, Donna Stewart, Dana Temple, Ann Turner, Peter Vanderpoel, Gail Willis

Guests: Deborah Wright, Marc Okner, Corrinna Watkins, David Dean

Call To Order: Chair Laura Massengill called to order the 7th Meeting of the 14th Session

Guest Speakers: Dr. Larry A. Nielsen, Provost and Executive Vice Chancellor
Charles D. Leffler, Vice Chancellor For Finance and Business
Steve W. Keto, Resource Management Assoc Vice Chancellor

Dr. Larry Nielsen expressed gratitude to Senators for spending their time to serve on the Staff Senate. Dr. Larry Nielsen stated it is an important function in the University in terms of the shared governments we have and our desire and need for the voice of staff. Dr. Nielsen shared with Senators that you have very effective leadership and have had for a long time.

Dr. Larry Nielsen stated that times are tough right now, and the State has to have a balanced budget. In the beginning of the year, they assign a budget to the University based on what they anticipate the revenue is going to be over the year. If the money that comes in is more money than budgeted, they save it. If fewer dollars come in than budgeted, they have to cut the budget. This is our current situation right now. There was approximately a 21 billion budget for the State. They are looking at 2 or 3 billion dollars behind in the revenue collection, which is a 10 – 15 percent reduction in the amount of money the State, can spend. In response to that, we also don't have that much money to spend as well. Most people don't realize the way this money happens is that we get an allowance every month from the State. They send us a check that is one-twelfth of the budget amount for the University for the year. So every month we get an allowance. Right now they are sending us one-twelfth minus 6 percent. We are not getting the

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money we thought we were going to get, so we are currently in the position to reduce our expenditures.

Dr. Larry Nielsen shared they are now anticipating that the revenue that will be coming in next year, upon which they conform the budget, will be less than we had this year. So we have to plan for next year for a reduction in the amount that will be budgeted for us right from the beginning. That is really the difference between these one-time reversions as we say. Right now we have to operate on less money that we planned to work on.

Dr. Larry Nielsen shared we are involved in two separate activities. One is figuring out how we will respond to this one time cut in the budget in reduction from 100 percent of our allowance to 93% of our allowance. The second is to plan for how we might take a percentage cut of some kind. We have no idea what that percentage cut would be for next year. The Legislators are just starting their work for the year and will not get into budget issues for a while. Dr. Larry Nielsen shared receiving the budget for the year by July 1 would be unusual.

Dr. Larry Nielsen shared information on the University Budget Advisory committee in which Chair Laura Massengill and Chair-Elect Steve Carlton attend. Dr. Larry Nielsen distributed information to Senators on budget principles. We will not have a budget reduction across the board. The following budget categories should be protected, to the extent possible, in the following order:

- i. Undergraduate academic programs
- ii. Graduate academic programs
- iii. Financial aid (need-based)
- iv. Libraries
- v. Essential campus infrastructure
- vi. Campus safety and security
- vii. Classroom conditions and services (e.g., classroom technology, seating, etc)
- viii. Student service
- ix. Campus aesthetics

Dr. Larry Nielsen also distributed a summary of budget reductions and reversions for Senators to review. Dr. Larry Nielsen stressed the importance for Senators to know that he and Mr. Leffler work very closely together to do what is best for the institution and to support the mission of the institution.

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Dr. Larry Nielsen ended his presentation by sharing how the University is blessed to have Mr. Charlie Leffler as our Vice Chancellor for Finance and Business. He is an extraordinary guy who is very capable, but also understands and values the mission of the institution. Lastly, Dr. Larry Nielsen asked Senators to review the distributed information on criteria for programs continuation, elimination or reduction. This process will help to ensure we are asking the right questions on what we may have to eliminate or reduce next year.

Mr. Charles Leffler began his presentation stressing how critical the partnership in which he and Dr. Larry Nielsen have and thanked the Provost for his kind words. Mr. Charles Leffler shared that the Chancellor is looking for us to advise him, and he is very engaged in this partnership. Because of the State budget and shortfall that are coming, I feel it is important for you to look at where the State revenue comes from. 54% come from individual income tax, while 26% come from sale tax revenue. Mr. Charles Leffler stated 80% of our budget comes from those activities that are right now beginning to strain. Your hearing of job losses that are happening in the State in the corporate sector, which means reduction in income taxes paid and reductions in purchases made (sales tax). Mr. Leffler explained this is a critical piece of the puzzle and it is important for us to always keep in mind the linkage between those factors and the state's revenue.

Mr. Charles Leffler shared April 15th will be an important date in terms of where the State's revenue are going to end up this year. Mr. Leffler shared they will be at least 2 billion dollars short of the projected revenue. Some are saying it will be as high as 3 billion going into next year's planning. Mr. Leffler noted you all heard about the state's health fund being in dire need of cash flow. So all of these pressures are going to continue to stay on the State. The governor issued a stronger spending restriction on the State. Mr. Leffler shared guidelines have been sent to the campus for spending, hiring and travel to help us make sure we are making good decisions.

Mr. Charles Leffler shared we are preparing for a 7% budget cut for next year, however President Erskine Bowles has indicating he is going to pursue a 5% one time limit in reduction to the University System. Mr. Charles Leffler stated we are supporting the President's strategy, but we are preparing a 7% budget cut to prepare the University just in case. We don't want to come up short at the last minute. We have to have a budget by July 1 that works for the year.

Mr. Charles Leffler distributed a copy of a print screen from the website they created called NC State Budget Central. Mr. Charles Leffler suggested the Senators to review this website for the most current budget information. Mr. Charles Leffler also noted there is a suggestion box at the website to collect ideas on ways to save funds. The website address is www.ncsu.edu/budget

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Mr. Charles Leffler ended his presentation by responding to the following:

--NC State is approaching FY 2010 as if there will be a permanent 7% reduction. President Erskine Bowles is going to request that the legislature hold cut next year to 5%, but in case this is not adopted, NC State wants to be prepared.

--NCSU will avoid across the board cuts to shelter items related to teaching and other core functions. Looking at potential savings from strategic cuts such as cuts in services.

--In regards to furloughs, it is too early to make any decisions. First of all, there is no policy in place at present and any policy would have to come from the legislature. Any response from NC State would depend on how the legislation is worded. Of great concern is how furloughs would affect retirement and long-term benefits. Furloughs are a one-time strategy an option to bridge a gap temporarily. The university is in a better position than other state agencies because it has flexible spending options.

--Layoffs: the university follows the RIF procedure, which is clearly spelled out. Decisions to RIF are based on the work needed and the employee's job description. It could be determined that a service will no longer be offered. If this happens, then those whose jobs support this service may be eliminated. Every effort is made to find them other jobs within the state system.

--There is nothing in the works to request people to take early retirement.

--A question was raised about Mary Easley's salary. Leffler explained that her duties had been expanded greatly and her influence had helped bring speakers to the millennium speaker series, such as Bill Clinton, who waived their speaker fees. In Bill Clinton's case, this was a savings of \$125,000 to the university.

--How does diversity factor into RIF decisions? In any RIF process, the first step is to look at job function needed and not other factors.

--As far as keeping "human costs" to a minimum, Leffler said that some were unavoidable. If the university decides it is no longer going to perform a certain function, then the personnel who support that function will likely have to be released. NCSU does not have a choice about balancing its budget. It has to balance at the end of the fiscal year. It cannot borrow money to make up shortfall. Dr. Nielsen reminded folks that most of the budget is salaries. Keep in mind that vacant positions are the first to go.

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--Question was asked about EPA non-teaching professionals and how they would be notified of non-renewal of contract. NCSU outlines a specified time period of notification such 30 or 60 days. It's usually 60 days, but the amount of notice given depends on how long the person has been here. Leffler said that each unit is working on how to reach their budgetary targets. Again, please keep in mind, that there is a state constitutional mandate that the budget balance each year.

--A question was asked about enrollment and whether students would be able to get enough classes to complete their degree programs. Dr. Nielsen said that there have been budgetary increases to keep up with enrollment increases, but that we should keep in mind that the budget could be adjusted downward if there is a decrease in enrollment.

Administrative Report:

No report was given.

Budget Report:

No report was given.

Small Groups Session:

The Senators worked in small groups for further discussion on the budget.

Announcements:

David Dean, Outreach Coordinator, Sustainability Office, N.C. State University met with the Resource and Environment Committee today. David mentioned their website, <http://www.ncsu.edu/sustainability/index.php>, where you can subscribe to the sustainability email list and learn more about sustainability efforts on campus. He also announced a new web site <http://www.ncsu.edu/see/>. This website **Society, Economy and Environment (S.E.E.) NC State**, enhances our campus' collective focus on sustainability by coordinating and advertising all sustainability events taking place during spring semester, like the E-Waste Recycling in March.

David would like to encourage everyone to visit these web sites and participate in the sustainability events. David would also like for anyone planning green events on campus to contact the Sustainability Office, so they can track efforts and events on campus.

Remarks:

Information was distributed on SEANC Town Hall meetings.

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Adjournment:

The 7th Meeting of the 14 Session was adjourned at 12:00 pm.

**>Next Staff Senate Meeting: Wednesday, March 4, 2009
10:00 a.m. – 12:00 p.m.
Talley Student Center, Room 4115 (Walnut Room)**

**>Next Executive Committee Meeting: Wednesday, February 18, 2009
10:00 a.m. – 12:00 p.m.
Williams Hall Room 2405**

Respectfully submitted by: Nancy Phillips Staff Senate Administrative Secretary