

April 20, 2010

UNC President Erskine Bowles today issued the following statement on Governor Beverly Perdue's proposed 2010-11 state budget:

As our state struggles to work its way out of this deep economic recession, affordable access to higher education has never been more important to North Carolina's economic future. We are therefore grateful that Governor Perdue has recommended full funding for our projected University enrollment growth and need-based financial aid for next year.

We are also pleased that the Governor has supported the Board of Governors' alternative to legislatively mandated tuition increases for 2010-11. The alternative plan places less of a burden on in-state students, and the funds generated by the tuition increases would stay on the campuses to provide more need-based financial aid, help improve retention and graduation rates, and meet other critical campus needs.

On the other hand, we are deeply disappointed in the magnitude of budget cuts that the Governor was forced by economic circumstances to recommend for the University, particularly since we have cut more than our fair share throughout this budget crisis. Over the past four years, we've made difficult changes to make sure that we are using every State dollar as efficiently as possible. In the current fiscal year, the University took permanent budget cuts totaling \$162.5 million, including the elimination of 935 positions. In order to protect our Academic Core, nine out of every ten positions we eliminated were administrative jobs.

In fact, we permanently reduced our administrative budgets by 18% in a single year. In addition to those cuts made by the General Assembly, the holdbacks imposed on the University by the Governor in the current year have been substantial. Even though we account for only 13% of the State's appropriations, the University has absorbed 29% of the budget reversions imposed across all of state government, bringing the total cuts to our budgets this year to almost \$300 million.

The General Assembly's budget for 2010-11 already reduces University budgets by another 2%, and our campuses have been working to identify additional operational efficiencies. But let me be clear: the University cannot continue to bear such a disproportionate share of the budget shortfalls and maintain its academic quality. The additional budget cuts that the Governor is reluctantly recommending due to economic conditions—new reductions in excess of \$100 million—will erode the Academic Core of the University. Seven of every ten dollars appropriated to the University goes straight to the Academic Core, and it is simply impossible to absorb further budget cuts without dramatically affecting the quality of the academic experience for our students. Nearly 1,200 additional positions would have to be eliminated, and nearly half of them would be faculty positions. The inevitable result would be further increases in class size and fewer course offerings, the elimination and reduction of student support programs, and the elimination of critical administrative positions tied to academic and financial integrity.

While it takes generations to build a great university, it can erode dramatically and quickly if not properly sustained. The budget reductions reluctantly recommended by the Governor will do

permanent and substantial damage to the university's Academic Core and will start us on a path to mediocrity, something North Carolinians have never been willing to settle for in their institutions of higher learning.

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