

I wanted to share with you a brief summary of the UNC system budget recommended by the Governor. For Western Carolina, the principal factor is that the Governor recommends a 9.5 percent reduction in base funding to be partially off-set by the campus initiated tuition increase.

As you know, the Governor's recommendation to the General Assembly is the first step in a multi-step process in the development of the state's 2011-13 biennial budget. The House of Representatives now will develop its budget proposal, followed by the Senate. The two chambers will negotiate their differences in conference and submit their proposal to the Governor, who may sign the proposal into law, veto it, or allow it to become law without her signature. In any case, we are still at least three months from seeing a finalized budget.

The "consensus estimate" currently is that the state's budget shortfall for the 2011-12 fiscal year will be approximately \$2.4 billion. That would represent a shortfall greater than 10 percent of anticipated revenue.

WCU has identified resources that would be necessary to meet a 10 percent reduction in state appropriations. However, as both revenue and shortfall numbers being used in state budget development are "estimates," we are continuing to develop contingency plans against the possibility that final reductions could exceed 10 percent, perhaps reaching as high as 15 percent of state appropriated support. As you can imagine, budget reductions at either level will be exceedingly painful.

I will keep you informed as more information becomes available.

Please let me know if you have any questions.

John