

March 29, 2018

Dear Faculty and Staff,

I realize how busy all of you are this time of year, doing what matters most for our community, campus and UNC's students, and will keep this update brief. I hope you will find the information helpful in understanding UNC's current financial position and the ongoing development of the fiscal year 2018-19 (FY19) budget.

At the last Board of Trustees meeting, and in meetings since with the university's governance groups, individual budget managers, executive staff, the deans, and many others, I have shared that in spite of our cost savings work, UNC is facing a \$10 million cash deficit this year (FY18). Our expenditures still exceed our revenues. The FY19 budget—now under development—currently results in a \$9 million shortfall, meaning that next year will be our sixth year drawing down our reserves. At this rate, those reserves will be used up by August of 2021 if we do not act now—a reality we cannot ignore and must avoid. Even with all that has been done, including the difficult decision not to increase faculty and exempt staff salaries next year, there is still more to do to begin to balance our budget, live within our means, and put UNC in a position to thrive during the years and leadership transition ahead.

In the next few weeks, I will meet again with Faculty Senate, PASC, and CSC to get additional feedback on these topics (times and locations below). In these conversations, I will provide updated information on some of the approaches we're weighing, such as significantly limiting out-of-state travel for staff, and official function expenditures. We're also looking for ways to defer capital projects (including technology infrastructure), limit investments in our nine core plans, and find other savings. Unfortunately, we must also continue to explore how to further limit our personnel expenditures. As we'll discuss at the upcoming governance group meetings, we're not considering eliminating staff positions but need to consider hiring freezes and extended vacancy periods for open positions. We even need to discuss short-term staff furloughs (1-5 days) in an effort to avoid even more distressing options.

One of the things I heard in my meetings with the governance groups was that the deficit we're facing and what it requires of us has caused uncertainty and concern across campus. I will continue to work with the governance groups to address those concerns and provide updates like this as we go forward. If there's more I can do in this regard, I hope you'll say so. Thank you for your attention, your help, and as always, for all you're doing for UNC and our students.

Sincerely,
Michelle Quinn

P.S. In the event you can't attend one of the meetings listed below, I will share the slide deck from the meetings in UNC Today on Wednesday, April 5.

I am looking forward to meeting with the faculty and staff governance groups again on the upcoming dates:

- **Faculty Senate**, April 2nd at 4 p.m.
- **Professional Administrative Staff Council (PASC)**, April 4th at 11 a.m.
- **Classified Staff Council (CSC)**, April 11th at 8:30 a.m.