

Sent: Thursday, July 15, 2010 1:41 PM

To: *Board of Trustees

Subject: UNCSA Budget Summary

Dear UNCSA Board of Trustees Members,

Attached is a summary of the aspects of the state budget that impact UNCSA. As you will see in the summary, the allocations of some cuts and new funding have not been determined at this time. The largest reduction (Management Flexibility Reduction) has been tentatively allocated pending BOG approval, I did not want to hold this any longer as I am sure you are all interested in the outcome. In the end, the UNC System and UNCSA did remarkably well given the state's economic circumstances. The final reduction numbers are significantly lower than the House and Governor's budgets. Most importantly, the tentative allocation of the reduction by UNC General Administration resulted in UNCSA, and the other small campuses in the UNC System, receiving significantly lower budget reduction allocations. Pending BOG approval, as the smallest school in the System, UNCSA received the largest reduction of what would have been its across the board cut from approximately \$1.1 million to \$725,000 or a reduction of an extraordinary 33%.

As discussed in the July 1 BOT conference call, it is necessary to increase tuition to backfill the reduction. Without the tuition increase, the layoffs and operating budget cuts required to offset the reduction would cripple UNCSA's ability to educate and operate. A portion of the tuition increase (approx. \$340,000) will be directed to needs-based financial aid to assist our most disadvantaged students.

We anticipate this fiscal year will also be extremely difficult for the State of North Carolina. Depending on decisions made in Washington D.C. and the pace of the economic recovery, we may be required to revert additional funds to the State, forcing us to further tighten our belt on campus. We will be reviewing our campus budget reduction scenarios to determine how best to create a reserve in the event we have a reversion later in the year.

UNCSA is grateful to the State Legislature, President Bowles and the UNC BOG for its continued support and for providing the mechanism whereby UNCSA can maintain its position as the preeminent conservatory for North Carolina and the South.

Please let me know if you have any questions or comments.

Thank you all for your efforts on behalf of UNCSA!!

Regards,

Jim

Jim DeCristo, Director of Economic Development and External Affairs

University of North Carolina School of the Arts

1533 South Main Street
Winston-Salem, NC 27127

Office 336.734.2862

Fax 336.770.3375

www.uncsa.edu