

Dear Campus Community,

The unprecedented economic situation continues to generate uncertainty within the State budget. Although in many ways North Carolina's budget is in better shape than many other states, we learned last year that we are not immune to economic hardship. In response to the continued uncertainty, the State Budget Director, Charles Perusse, has requested that all state agencies prepare permanent base budget reduction scenarios of 3%, 5% and 7% to their 2010-2011 budget. Every university in the system has been asked to prepare these budget reduction scenarios, but we don't know which, if any, will actually be enacted.

Please note, since the beginning of this fiscal year UNCSA has already been operating with a 5% reversion (non-recurring), meaning UNCSA only receives 95% of its budgeted appropriation. Although not all of the monies we are reverting can be made into permanent reductions without further impacting our operations, some of it can, thus reducing, but not eliminating the potential need for additional reductions.

Please also remember this request is an exercise and includes the public schools, community colleges, Department of Commerce, Department of Transportation, and Department of Health and Human Services to name a few others. We are not alone. Nothing has been decided. The State is prudently reviewing its options, while awaiting additional information on revenues from the holidays and even more importantly personal and corporate tax returns on April 15, 2010.

I want you all to know this information to keep things in perspective, as we begin the process with each school and department to develop our reduction scenarios. Please know the leadership team will continue to work hard to protect the School

from cuts to our already tight budget and to find ways to more efficiently use the monies we receive.

As more information regarding the state budget becomes available, I will share it with you along with our plans to address any permanent reductions, when and if they become a reality.

Regards,

John