

June 22, 2009

MEMORANDUM

TO: Executive Officers and Deans

FROM: Charles D. Leffler, Vice Chancellor for Finance and Business
Warwick A. Arden, Interim Provost and Executive Vice Chancellor

SUBJECT: 2009-10 Expenditure Guidelines

As you are aware, the 2009-11 State Appropriation will require a substantive reduction in our operating budgets. You have recently submitted plans to operate this coming year at a significantly reduced level. While passage of the 2009-11 appropriation bills is still several weeks away, it is important to proceed with preparations for the coming academic year. We are moderating, to some extent, the spending controls that we have in place for the last quarter of fiscal year 2008-09.

The Office of State Budget and Management (OSBM) has removed its stringent controls on actions occurring after July 1, 2009, but has strongly cautioned us that in addition to a reduction in state appropriations other restrictions are possible.

Therefore, we have revised and attached the "Expenditure Guidelines" to give you more flexibility in managing your 2009-10 budgets, but we urge caution in spending until such time as final budgets have been allocated and allotments are returned to a normal process. This document is posted on the "Budget Central" website:
http://www.fis.ncsu.edu/rm/budget_central/ A "Frequently asked Questions" document is also being prepared and will be posted on the "Budget Central" website.

Please note that these guidelines specify prior approval of the Chancellor, Vice Chancellor or Dean for certain types of expenditures. This approval authority may not be further delegated. The Vice Chancellors and Deans will have final approval authority except for personnel actions as noted in the guidelines and as related to direct reports of the Vice Chancellors. For those actions requiring such approval, it will be necessary that you maintain adequate documentation for audit purposes. Individual units/colleges may also impose more stringent restrictions as deemed necessary by the Vice Chancellor / Dean.

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We continue to solicit your suggestions, and those of your faculty, staff and students, for major cost saving ideas from any component of the University.

- Questions related to personnel actions (hiring, separations, etc) should go to HR's Employment Office.
- Questions related to purchasing, travel, and accounting transactions should be directed to Ernie Murphrey (ernest_murphrey@ncsu.edu).
- Questions on budget-related matters should be directed to your budget analyst in the University Budget Office.

We appreciate your cooperation and assistance.

cc: Chancellor James H. Woodward

**NC State University
Expenditure Guidelines
Effective July 1, 2009**

Effective July 1, 2009 and until further notice, NC State will follow the institutional spending restrictions below for all state-appropriated funds (projects 201000 – 249999 and 4XXX50) Even if an expenditure exception is granted for a specific situation, the college or division will still be expected to meet its obligations for any budget reversions or reductions.

PERSONNEL EXPENDITURES:

1. Hiring of faculty positions directly related to classroom instruction (i.e. over 50% Instruction assignment) is permitted. Hiring of faculty positions in research and/or extension, which are paid entirely from non-state appropriated resources is permitted.
2. Any vacant position that reports directly to an Executive Officer, and that is paid fully or partially from state appropriations, requires the prior approval of the Chancellor or his designee(s) before an offer may be extended.
3. All other EPA and SPA positions (paid fully or partially from state appropriations) require the prior approval of the appropriate Dean or Vice Chancellor before an offer may be extended. Such approval cannot be further delegated and must be documented.
4. Creation of any new position that is funded fully or partially with state appropriations requires the prior approval of the Provost (for the Provost's units and the colleges) or Vice Chancellor for Finance and Business (for all other administrative divisions). Any such request must describe how the new position complies with the unit's budget reduction strategy for 2009-10 at the level reflected in budget reduction plans submitted through June 2009.
5. Salary distribution changes effective 7/1/09 and forward are permitted as long as managed within the unit's budget reduction plan. However, salary reallocations to state appropriated funds effective for periods prior to 7/1/09 are not permitted.
6. Any salary increases for any reason on incumbent personnel require the prior review and endorsement by Human Resources, and approval of the Chancellor, Vice Chancellor or Dean (e.g. promotion, transfer, probationary adjustment, position reclassification, equity adjustment, additional duties, increase in FTE, or career banding adjustment.)
7. Any new personal service and fixed term contracts require the prior approval of the Chancellor, Vice Chancellor, or Dean. All new contracts for FY 2009-10 must contain an availability of funds clause, as required by the Office of State Budget Management.
8. Current staffing contracts with employment agencies and contractors (e.g., temporary staffing, IT contractors, etc.) are permitted. New contracts require the prior approval of the Chancellor, Vice Chancellor, or Dean.

9. Current temporary labor appointments, including students, may be continued. New temporary appointments anticipated being for longer than 60 days require the prior approval of the Chancellor, Vice Chancellor, or Dean. However, temporary employees cannot be retained if comparable permanent SPA positions are being reduced-in-force (RIF'd) as part of the department's budget reduction plan. Please be aware that non-student temps are typically eligible to receive unemployment benefits once their work assignment ends, and such benefits must be paid directly by the University. In the current fiscal environment – and given the fact that the federal government has extended the amount of time that unemployed individuals can receive benefits – the true cost of temps can be much higher than it may appear. You are asked to minimize use of temps whenever possible.
10. Recruitment and selection processes may be initiated or continued if the position has not been identified for elimination in the unit's 2009-10 budget reduction.

NON-PERSONNEL EXPENDITURES:

No purchase orders or vouchers may be issued for goods or services that will require the expenditure of general fund appropriations except for the exceptions noted below. Any exception to these guidelines requires the approval of the Chancellor, Vice Chancellor or Dean.

1. Expenditures related to the purchase of supplies, equipment, and materials required for classroom instruction are permitted.
2. Expenditures related to the health and safety of employees, students, animals, or the general public are permitted.
3. Purchases of computers for new faculty members are classified as expenditures related to the classroom, as they are necessary for class preparation, for responding to student emails, and for performing other instruction-related activities.
4. Commitments made to new faculty for start-up packages (e.g., scientific equipment, lab renovations, and related expenses) should be honored to the extent the expenditure does not cause the college to exceed its anticipated 2009-10 budget.
5. Postage, printing, telecommunications, and office supplies (toner, paper, pens, etc.) should be kept to a minimum and should address required university operational needs.
6. Expenditures that provide matching funds to secure federal or other non-state funds are permitted to the extent these have been included in the college's 2009-10 budget plan.
7. Purchases of gasoline and other fuels required to operate or maintain equipment and delivery vehicles are permitted.
8. Payments on existing contractual obligations (maintenance contracts, service contracts, insurance premiums, software licenses, and ongoing maintenance and repairs) are permitted; renewals of these obligations are permitted if cost increases do not include

new services or service levels. All new contracts for FY 2009-10 must contain an availability of funds clause, as required by the Office of State Budget Management.

9. Expenditures related to commencement activities (program printing, postage and other costs) are permitted.
10. Payments of internal charges from campus service units that are related to contractual arrangements that are essential to day-to-day operations are permitted.

TRAVEL RELATED EXPENDITURES:

All travel and training funded by appropriations is to be limited to instances involving public safety, public health, job requirements, economic development opportunities and emergency situations related to the custody and/or care of persons or animals for whom the state is responsible. Guidelines are noted below. Any exception to these guidelines requires the approval of the Chancellor, Vice Chancellor or Dean.

1. Travel directly related to delivering classroom instruction is permitted.
2. In-state travel directly associated with the recruitment of potential students is permitted.
3. In-state travel is allowed for employees of Cooperative Extension Programs directly involved in providing services to clients.
4. Travel associated with meetings of the Board of Governors, the Board of Trustees, and the legislature is allowed.
5. Travel to conferences and meetings is only allowed when the employee is making a presentation that is noted on the agenda; travel to participate as a moderator or officer of the sponsoring organization is not permitted.

CAPITAL EXPENDITURES:

Appropriated capital improvement funds designated for repair and renovation projects are on hold unless they are obligated by contract. Emergency repair needs should be reported to Facilities. Exceptions for capital expenditure shall be approved by the Vice Chancellor for Finance and Business.