

October 1, 2013

**MEMORANDUM**

**TO:** Deans, Directors, and Department Heads

**FROM:** Charles Leffler, Vice Chancellor for Finance and Business  
Terri Lomax, Vice Chancellor for Research & Innovation

**SUBJECT:** Federal Government Shutdown



The federal government shutdown that started today will have some impacts on NC State, which will increase if it continues for a significant period. This is something that we have anticipated and plans are in place to monitor and manage the situation. For up-to-date information for researchers and research administrators, please see:

<http://research.ncsu.edu/sparcs/announcements/federal-government-shutdown-10-01-2013/>

The good news, at least in the short term, is that programs and grants that are currently funded with federal funds -- if those funds were appropriated prior to October 1, 2013 -- are permitted to continue and authorized expenditures will be reimbursed when the federal government opens back up again for business. Federally funded student financial aid, such as Pell Grants and Work-Study, should not be impacted.

Employees who are paid in whole or in part on federal grants and contracts that were already funded in the last federal fiscal year (10/01/12 – 09/30/13) will not be subject to furlough or to reduced work hours during the grant/project's current year. However, if a sponsored project ends during the period of shutdown subsequent renewals and/or continuations will be delayed - unless already approved before Oct. 1, – and individuals paid on such sponsored projects will then be subject to furlough/reduced hours.

The federal shutdown also means the university will have to spend limited cash reserves to cover current expenditures until federal reimbursement occurs. Therefore, to the extent possible, please take whatever steps are necessary to limit your expenditures from federal grants and contracts. Please also be advised that payments from awards received from state agencies funded by federal appropriations could be delayed.

Federal Government Shutdown  
October 1, 2013  
Page 2

We have also been instructed that under no circumstances should state funds be used to cover federal employee costs unless there is clear documentation that federal funds will reimburse the state when the shutdown is over.”

Since federal agency staff will not be approving actions on new grant/contract proposals or renewal applications during the shutdown, the Office of Contracts & Grants will only be issuing new project numbers on awards where the prime sponsor is the federal government with a prior officially approved award. Until the federal shutdown is resolved, no new “pre-award” projects will be approved in anticipation of a future final award where the federal government is the prime sponsor. In addition, no charges will be allowed against existing pre-award agreements where the prime sponsor is a federal agency and these projects will be inactivated until the federal government shutdown has ended. Any salary or other expenditure that is currently pending against a pre-award project must be revised and charged to a funding source other than grant or state funds.

For agency specific guidance, please see: <http://www.whitehouse.gov/omb/contingency-plans>

Questions related to federal grant and contract expenditures during the shutdown should be referred to the Office of Contracts and Grants or the Office of Sponsored Programs and Regulatory Compliance Services (SPARCS).

cc: W. Randolph Woodson, Chancellor  
Warwick Arden, Provost and Executive Vice Chancellor  
Steve Keto, Associate Vice Chancellor for Finance & Resource Management  
Barbara Carroll, Associate Vice Chancellor for Human Resources  
Julie Schwindt, Director of Contracts and Grants  
John Chaffee, Associate Director, Sponsored Programs