

MEMORANDUM

TO: Executive Officers and Deans

FROM: Larry A. Nielsen
Provost and Executive Vice Chancellor

Charles D. Leffler
Vice Chancellor for Finance and Business

SUBJECT: Expenditure Guidelines

As you are aware, the Office of State Budget and Management (OSBM) has issued stringent guidelines to state agencies increasing the 2008-09 budget reversion requirement to 7%. The OSBM guidelines provide some flexibility to the universities in certain areas, which have been incorporated into the attached "Emergency Budget Guidelines." Also attached is an initial "Questions and Answers" paper. Both of these documents have been posted on the "Budget Central" website: http://www.fis.ncsu.edu/rm/budget_central/

We have attempted to provide as much flexibility as possible while responding to the OSBM requirements. Please note that these guidelines specify prior approval of the Chancellor, Vice Chancellor or Dean level 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 approvals, it will be necessary that you maintain adequate documentation for audit purposes.

While this immediate budget crisis is focused on the current 2008-09 fiscal year, it is a prelude to the budget challenges that face the Governor and General Assembly as they work on crafting the 2009-11 budget. Therefore, our continuing budget planning for a reduced 2009-11 appropriation must stay on track with the timeframe discussed at our January 12th retreat. We again 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 Budget Office.

We appreciate your cooperation and assistance.

cc: Chancellor James L. Oblinger

NC State University
Emergency Budget Guidelines
January 20, 2009

Effective immediately and until further notice, NC State has implemented institutional spending restrictions for all state-appropriated funds (projects 201000 – 249999 and 301000-349999). Even if an exception is granted for a specific situation, the general budget reduction requirement for the college and division must still be met. Exceptions requiring Chancellor, Vice Chancellor or Dean approval may not be delegated further.

PERSONNEL EXPENDITURES:

1. Hiring of faculty positions directly related to classroom instruction is permitted, both tenure-track and non-tenure-track faculty positions, using the normal approval process. Hiring of positions in research and/or extension, that are paid entirely from non-state appropriated resources is also permitted using the normal approval process.
2. A 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 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 delegated further.
4. Creation of a 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 will impact the unit's budget reduction strategy for 2009-10 at the 7% level.
5. Salary reallocations to state appropriated funds are not permitted except in the case of a contract or grant that specifically requires retroactive cost sharing or matching.
6. Any salary increases for any reason on incumbent personnel, that include state appropriated funds require the prior approval of the Chancellor, Vice Chancellor or Dean (e.g., retention, promotion, transfer, probationary adjustment, position reclassification, equity adjustment, market 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.
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 for longer than 60 days require the prior approval of the Chancellor, Vice Chancellor or Dean. Temporary employees cannot be retained if comparable permanent SPA positions are being reduced-in-force (RIF'd) as part of the unit's budget reduction plan.
10. Recruitment and selection processes may be initiated or continued if a position has not been identified for elimination in the unit's 2009-10 budget reduction plan at the 7% level.

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 as noted below. Any expenditure that does not meet 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 or the general public are permitted.
3. Purchases of computers for new faculty members are classified as permissible 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 incoming faculty for start-up packages (e.g., scientific equipment, lab renovations and related expenses) should be honored.
5. Postage, printing, copying, telecommunications and other costs 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.
7. Purchases of gasoline, other fuels and other supplies required to operate maintenance equipment and delivery vehicles are permitted.
8. Continuing payments on existing contractual obligations (maintenance contracts, service contracts, insurance premiums, software licenses and ongoing maintenance and repairs) are permitted.
9. Expenditures related to commencement (program printing, postage and other costs) are permitted.

10. Payments of internal charges from campus service units that are related to contractual arrangements that cannot be terminated or 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 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 cases where the university has already expended significant funds (more than 50% of the entire anticipated cost of the travel) for travel that are non-refundable, the travel is allowed to continue.
3. In-state travel directly associated with the recruitment of potential students is permitted.
4. In-state travel by employees engaged in extension activities is permitted.
5. Travel associated with meetings of the Board of Governors, the Board of Trustees and the legislature is permitted.
6. Travel directly associated with commencement is 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.

North Carolina State University
Emergency Budget Guidelines
Questions and Answers
January 20, 2009

The state's revenue situation is unfolding daily and these responses are subject to change upon further guidance from the Office of State Budget and Management and UNC General Administration. Additionally, all expenditures will be subject to the actual availability of cash. All units are requested to spend appropriated funds only as absolutely required and consistent with the unit's budget reduction plan.

General Questions

1. Will Facilities & Administration (F&A) receipts be affected?

No, there is no freeze on the spending of F&A receipts. The state, however, could consider reversion of balances remaining at year-end.

2. Are federal appropriations included in the expenditure restrictions?

No, federal appropriations are not included in the emergency budget restrictions.

3. I have animals to feed and care for that are supported from state appropriated funds. What do I do?

Providing for the feeding and health of animals is permitted. Purchasing additional animals with state funds is not allowed.

4. Concerning start-ups, will all obligations (made in writing) to all faculty (including research faculty) be able to be kept?

Yes, if these costs have been accounted for in the unit's budget reduction plan.

5. Are Education and Technology Funds covered by the guidelines? *Yes.*

6. Is it okay to continue to make journal entries?

A journal entry against state funds would reduce cash in state funds. Therefore, a journal entry must follow the same rules as expenditures.

7. Can a state appropriated account be billed by a service center account (using the user rate) for work already performed? *Yes.*

8. We have materials stored at a warehouse and will be continuing to be charged for this storage. Will we be allowed to pay for these with state funds? *Yes.*

9. Can the lease on a departmental copier be continued on state funds? *Yes.*

10. Can you continue to let both your telephone service and long distance phone calls charge the state account?

Yes, but long distance calls should be kept to a minimum.

11. We received a diversity allocation from the University, and the funds were put into a state appropriated account. Do these funds have the same restrictions as the state allocation? *Yes.*

12. Can we process safety, fire, ADA, and health related expenditures? *Yes.*

Travel Related Questions

13. Are the field faculty affected by the freeze on travel?

Field faculty may travel for instructional and extension purposes, which includes meeting with customers. They may not use state appropriated funds to travel to meetings, conferences, or seminars.

14. If you have an airline ticket and the penalty is the full face value amount, can you use it and then pay for the remaining expenses from other funding sources?

Yes, however, consider the total expected cost of the trip in comparison to the penalty.

15. We have travel that took place prior to the restrictions and the reimbursements are just now being submitted. Can we use state funds? *Yes.*

16. If we have airline tickets and registration fees already paid and the faculty member is willing to absorb the hotel and per diem, can he/she still continue with the travel plans?

Yes, if no additional state funds are used and if the funds already paid were non-refundable.

17. Can we pay for travel from appropriated receipts accounts?

No for optional travel to conferences or meetings, but yes for essential travel to perform services or generate funds for the service center.

Contracts & Grants Related Questions

18. Contracts and grants accounts require regular clean up of charges that are considered “not allowable”. These charges are normally removed via Journal Vouchers and are charged to either departmental state appropriated accounts or indirect cost accounts. Will this still be permitted? *Yes.*

19. How do the restrictions affect contracts and grants at other state agencies?

This could impact the ability of other state agencies to pay for services that they may have contracted from us. You should contact the contracting agency to see if there will be an impact and then take appropriate actions.

Personnel Related Questions

20. I have a position that is in the process of being converted from SPA to EPA. Is there any impact to this process?

There should be no impact on the process of converting a position from SPA to EPA, however, hiring for the position would come under the guidelines issued.

21. Our office has work-study students who are paid primarily from federal funds. There is also a state matching component. Can we continue to pay the matching from state funds?

Yes, the matching component is considered financial aid.

22. Are we prohibited from hiring personnel from non state-appropriated funds?

No, you may proceed with hiring for positions funded entirely from non-state funds unless part of your budget reduction plan addresses hiring from these sources.

23. Is it acceptable to make offers to teaching assistants for the fall semester?

Yes, these positions are included in the exemption for instruction so long as they are not part of your unit's budget reduction plan.

24. Can we pay overtime from state funds?

Yes, but because overtime is expensive, you are strongly encouraged to review your staffing requirements and eliminate all unnecessary overtime work.

25. Can SPA employees continue with lateral transfers on campus?

Yes, with no additional cost to the state-funding source.

26. Can I initiate recruitment for a vacant position?

Yes, recruitment can be initiated or continued for vacancies that have not been identified for elimination in your unit's 2009-10 budget reduction plan at the 7% level.

27. Can I fill a vacant position that is paid fully or partially from state appropriations?

You can fill EPA and SPA positions only with the prior approval of the appropriate Dean or Vice Chancellor. No offer may be extended without this prior approval as well as the usual endorsement by Employment Services.

28. Can I create a new position that is funded fully or partially with state appropriations?

Only with 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).

29. Can I award a salary increase to an employee that is fully or partially funded by state appropriations?

Only with prior approval of the Chancellor, Vice Chancellor, or Dean as appropriate. This includes salary increases related to promotion, band or level transfer, completion of probation, position reclassification, equity, additional duties, increase in FTE, market adjustment, or any other type of career banding adjustment.

30. Can I continue to employ current temporary employees?

Yes, student workers and current temporary employees may be continued, unless the department is planning to RIF a permanent SPA employee performing similar work. NEW temporary appointments that will be for longer than 60 days require the prior approval of the Chancellor, Vice Chancellor, or Dean as appropriate.

31. Can I hire temporary or contract employees from outside agencies and contractors?

You should take advantage of cost savings through the University's in-house temporary service, University Targeted Staffing, if at all possible. If you use the services of an outside agency or contractor, all new contracts require the prior approval of the Chancellor, Vice Chancellor, or Dean as appropriate. You may continue current contracts.

Purchasing Related Questions

32. What about orders that were received on January 20 or after? If these are not for instructional purposes, do they need to be returned?

Yes, or changed to another source of funds. You should look at the cost of doing this and make a determination based on your unit's budget reduction plan.

33. We are billed monthly for tanks of compressed gas. It may take many months to use the gas in the tank. Can payments be made for the rental of the tanks?

Rental of tanks that are for research should be paid from grants or indirect cost funds. Rental of tanks for instructional purposes may be paid from state appropriated funds.

34. Many of the service centers (genomics labs, university field labs, phytotron, etc.) depend on receipts to pay for restocking supplies/materials that keep the operations going. Can we pay for these supplies from the receipts? Yes.

35. How do we cancel a purchase order?

Send an e-mail to your purchasing agent with the specific purchase order information.

36. The goods have been received from my purchase order but I have not officially entered my receiving report. Can these be paid?

Yes, the date that determines whether the goods can be paid for relates to the day they were received, not the day the information is entered in the system. However, you should get all receiving information into the system as soon as possible.

37. I have a purchase order in process for a contract that has been partially completed. Can I still pay for it?

Yes, you can pay for this since it is for a contract that was already in progress.

38. Is it acceptable to purchase office supplies and pay for temporary student wages if related to the instruction of the course? *Yes.*

Distance Education Related Questions

39. The distance ed program is tied to the classroom, but it's not the typical classroom setting. Can we pay for faculty who are developing courses? *Yes.*

40. Can we return student phone calls (long distance) to answer questions and provide assistance? *Yes.*

41. Can we continue with mailings that are directly tied to the Distance Education Program (Student Packages)? *Yes.*

42. Can we continue to use funding provided by the DELTA Grants (funding from Distance Education and Learning)?

Yes, if the goods or services are directly related to instruction.

Communications Services Related Questions

43. Can long distance calls be made and charged to State funds?

Long distance calls that are essential to the University may be made.

Classroom Instruction Related Questions

44. What about postage related to students, i.e., admission letters?

Yes, this is considered part of instructional activities.

45. Are we still allowed to pay invoices for interpreters for students and programs?

Yes, this is considered instruction and falls under ADA compliance.

Commencement Related Questions

46. What about commencement and baccalaureate expenses such as facility rental (not food) and materials that need to be printed?

Yes, commencement expenses are considered part of instructional activities.

Facilities/Capital Improvement/Renovations Related Questions

47. Can Facilities Operations bill departments on an appropriated account number for any work completed prior to 1/20/2009? *Yes.*
48. Renovation and repair work that is being completed can continue if there is a signed contract. Can a “signed contract” be a purchase order or a work request form signed by the department? *Yes.*
49. Can renovation projects related directly to instruction or security and safety proceed using state funds? *Yes.*