

MEMORANDUM

To: Chancellor's Cabinet, Deans, Academic Affairs Senior Staff and Business Managers,
Budget Council, Departmental Administrative Support Staff
From: Beth Hardin, Vice Chancellor Business Affairs
Date: Friday, April 17, 2009

Re: Remainder of Fiscal Year 2008-09 Budget Management Restrictions on General Fund
2nd Internal Memorandum

In our continuing effort to keep you informed on issues relating to the new budget restrictions, two additional sets of information can be provided at this time. Please find below:

- Section 1: updated guidelines on the processing of travel expenditures
- Section 2: an FAQ list with updated information on a variety of issues

We sincerely appreciate your patience and diligent efforts as we continue to work together to implement this curtailment of expenditures on our campus. I again ask for your patience as our Budget Council and administrative teams work to resolve additional unanswered questions, to have some restrictions eased, and to provide you and your organizations assistance in the implementation of this new set of budget restrictions.

For your continued reference here is a chronology of events so far:

Thursday, April 9, 2009	3:30 PM Directive from OSBM
Monday, April 13, 2009	2:00 PM Conference call with University CFO's and the OSBM 3:30 PM Meeting of the UNC Charlotte Budget Council
Tuesday, April 14, 2009	9:00 AM Meeting of key internal administrators 4:00 PM Issuance of 1 st internal memorandum
Friday, April 17, 2009	11:00 AM Issuance of 2 nd internal memorandum

Also for your continued reference:
The restrictions imposed are for the General Fund only; Banner funds numbered 100000 to 119999
UNCGA = University of North Carolina General Administration
OSBM = Office of State Budget and Management

Section 1: Update guidelines on processing of travel expenditures:

Overview

Effective on the cutoff date of April 9, 2009, no additional General Fund resources can be utilized to pay for employee travel expenses, including both:

- Travel approved and submitted prior to the cutoff date, but not completed (see scenario detail below)
- Travel approved and submitted after the cutoff date (see scenario detail below)

In-state travel for reasons of public safety and public health, economic development specifically targeted to create commerce for businesses within the state, and legal obligations relating to the custody or care of persons for whom the state is responsible may be allowed as exceptions to be paid from General Funds, but only through the following process:

- A written request for exception will need to be provided to Ken Smith, Budget Office
- After review for completeness, the Budget Office will submit to Chancellor for approval
- Chancellor decisions on requests will be communicated for processing.

No out-of-state travel will be authorized for reasons of public safety and public health, economic development specifically started to create commerce for business within the state, and legal obligations relating to the custody or care of persons for whom the state is responsible.

Any other exception to travel paid from General Fund resources must be approved by the OSBM, but the OSBM has indicated that exceptions will be limited primarily to those who have a legal requirement to travel. They do not expect to see requests from Universities, but here would be the process should such a need arise:

- A written request for exception will need to be provided to Ken Smith, Budget Office
- After review for completeness, the Budget Office will submit to the OSBM for approval
- OSBM decisions on requests will be communicated for processing.

Scenarios

For travel completed prior to the cutoff date, but all processing not completed by the cutoff date

For prior travel where processing by the employee, department, or Travel & Complex Payments staff is not yet complete, no changes to funding sources will be required. Processing should be completed as quickly as possible and prior to the fiscal year end to avoid potential impacts to next fiscal year's budget availability.

For travel approved and submitted prior to the cutoff date, but not completed by the cutoff date

Travel, both in-state and out-of-state, can be completed as planned. Prepaid charges, if charged to General Funds, will not need to be reassigned. All additional charges will have to be processed against alternate funding sources, unless prior approval from OSBM to use General Funds has been obtained as described above.

If a decision is made to cancel the travel, cancellation fees may be paid by the General Fund.

Section 1: Update guidelines on processing of travel expenditures (continued):

Alternate funding sources will need to be identified and confirmed as available by the traveler, then approved by the guardian of those alternate funds, to pay for all remaining trip expenses not covered by prepayments.

Note: staff members who are responsible for all alternate fund sources such as grants and institutional trust funds should be careful, frugal, and responsible in allocation of those funds to fulfill travel expense requests.

For travel approved and submitted after the cutoff date

Travel, both in-state and out-of-state, can be undertaken, but only when all charges are processed against alternate funding sources, unless prior approval has been obtained from OSBM as described above.

Alternate funding sources will need to be identified and confirmed as available by the traveler, then approved by the guardian of those alternate funds, to pay for all trip expenses.

Note: staff members who are responsible for all alternate fund sources such as grants and institutional trust funds should be careful, frugal, and responsible in allocation of those funds to fulfill travel expense requests.

Section 2: an FAQ list with updated information on a variety of issues:

- Will summer stipends for faculty research grants (paid from the General Fund) be allowed?
 - Faculty that have been awarded Faculty Research Grants that have stipends payable on May 15, 2009, will receive their payments as scheduled since this is a yearly payroll event..
- Can Graduate Assistants be reappointed?
 - Yes, a currently-employed GA can be reappointed.
- Can student workers be replaced?
 - This question has been forwarded to UNCGA and OSBM for negotiations.
- Can overtime be paid?
 - It is campus practice to compensate overtime work on compensatory-time basis in lieu of payment. Exceptions to this standard should be few and only based on compelling bases where use of comp time is not feasible. Care in the management of overtime work is expected.

Section 2: an FAQ list with updated information on a variety of issues (continued):

- Can start-up expenses (e.g., summer salary and equipment) listed in hiring contracts for new faculty be paid?
 - At this time, any commitments for start-up equipment must be made from a non-General Fund source. Fortunately, summer salary is considered a payroll expense and will be covered by OSBM. The question about non-personnel start-up expenses has been forwarded to UNCGA and OSBM for negotiations.
- Can faculty recruitment continue?
 - Yes, but a non-General Fund source must be used at this time to cover each expense. This question has been forwarded to UNCGA and OSBM for negotiation to allow the use of a General Fund source. Due to the possibility of not receiving authorization to use the General Fund, we recommend that expenses be reduced in all ways possible; e.g., minimization of the number of candidates to interview; moderation of all related expenses, etc.
- In the April 14th memorandum, it states that only vacant permanent, or temporary, positions where an oral or written job offer was extended and accepted prior to April 9, 2009 may be filled. What if the job offer was not accepted by the candidate; can an offer be extended to the second candidate?
 - At this time, there are no SPA positions funded from General Fund that meet this criteria.
 - An offer to subsequent EPA faculty candidates will be allowed if the primary choice does not accept the original offer.
- Is nitrogen considered a utility?
 - No, nitrogen is not considered a utility.
- Can I make a transfer between one General Fund number to another General Fund number? What about transferring funds from a General Fund to a non-General Fund number (e.g., Recharge Unit or Auxiliary).
 - Transferring budget and/or expenses between General Fund numbers will be allowed because it does not change the cash position of the General Fund in total. And even though budget nor cash transfers between a General Fund number and a non-General Fund number cannot be made, expenses can be moved from the General Fund to a non-General Fund number. Expenses cannot be moved from a non-General Fund number to a General Fund number unless the expenditure meets the criteria of the spending restrictions.
- Can we complete our informal projects that have been started?
 - If you do not have a non-General Fund that you can use, then the work has to be cancelled; e.g., any informal project that was funded with Central Funds. However, if you have a project that is directly related to classroom support, e.g. renovation to Broker, please call Sherrie High or Ken Smith in the Budget Office to discuss a request for exemption.

Section 2: an FAQ list with updated information on a variety of issues (continued):

- Can we purchase special equipment, i.e. ergonomic chair?
 - Purchases for special equipment can still be made using a non-General Fund source.
- If we have in-state travel, can we still request a university car from Facilities Management?
[Please see Section 1 above.]
 - If an employee has authorization to travel, the expense incurred from using a university car must be charged to a non-General Fund source.
- Can leases and contracts (including maintenance contracts) be paid from the General Fund?
 - All leases and contracts can be paid using a General Fund source.
- Are the library operations included in the term “direct classroom support”?
 - Per OSBM, the library operations is not direct classroom support
- What do we do about receiving items after April 16, 2009? For example, several items may be purchased for the library that arrive at the loading dock at the same time. Some items are General Fund related; some are not. When receiving the purchase, the person may not know if the item is purchased with General Funds or Institutional Trust Funds. What do we do with the items that were purchased using the General Fund?
 - Unfortunately, starting on April 17, 2009, any item received must be paid from a non-General Fund source, unless it meets any qualifying exceptions. If you are unsure of the funding source, do not receive the item unless you have a non-General Fund to which you can move the expense.

If the “General Fund item” is received, and there is no other funding with which to pay the invoice, the item should probably be returned to avoid withholding payment from the vendor for an extended period of time and to avoid charging next fiscal year’s budget.

- Matching funds for grants?
 - At this time, any commitment made for matching funds must be from a non-General Fund source. This question has been forwarded to UNCGA and OSBM for negotiations.
- Will rent and utilities for North Carolina Research Center (NCRC, aka, Kannapolis) be paid from General Fund?
 - Utilities are an acceptable expense that will be paid. However, all other expenses related to NCRC have been forwarded to UNCGA and OSBM for negotiations.
- Can we use our 102xxx and 103xxx funds to cover our operating costs?
 - At this time, all expenses from a 102/103 fund have to follow the same rules as any other General Fund source. This question has been forwarded to UNCGA and OSBM for negotiations.

Section 2: an FAQ list with updated information on a variety of issues (continued):

- How do we pay for mailings related to the Distance Education program?
 - At this time, all postage must be paid from a non-General Fund source. This question has been forwarded to UNCGA and OSBM for negotiations.

- Will we be able to use General Fund for current travel expenses related to fall student recruitment?
 - At this time, all expenses for student recruitment must be paid from a non-General Fund source. This question has been forwarded to UNCGA and OSBM for negotiations.

- Can we use General Fund to print and mail diplomas to recent graduates?
 - Diplomas will be paid for using commencement funds that are not in the General Fund.

- Emergencies that need to be handled immediately.
 - A non-General Fund source must be used, unless the expenditure meets the criteria for an exception that must be approved by OSBM. Contact Sherrie High or Ken Smith in the Budget Office for other critical emergency situations.

- How do we pay for credit card fees?
 - A non-General Fund source must be used.

- Can expenses related to student performances, which are part of the students' class assignment, be paid from General Funds?
 - The University Budget Office, at the request of Academic Affairs, is in the process of requesting an exception for direct classroom instruction for these expenses.

- How will copies for grant proposals be paid for?
 - A non-General Fund source must be used.