

[February 26, 2009

From: Kyle Carter
Sent: Wednesday, April 15, 2009 10:20 AM
To: Academic Affairs Division
Subject: Clarification to Budget Memo

After discussing the memo Chuck and I sent earlier with the Council of Deans, I decided to send a second edition to clarify some issues they raised. Please see my notations below in bold. As we understand more, I will send you additional information.

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On April 9, 2009, Governor Perdue ordered the State Budget Office to take immediate steps to restrict spending for the balance of the fiscal year to ensure a balanced budget as of June 30, 2009. This action was taken in anticipation of weak April revenues. The following is a summary of the actions:

- Cash allotments will only be approved for mandatory obligations including payroll, utilities, financial aid, required State aid, and debt service.
- Effective immediately (**Meaning April 13th, the date WCU was notified**), no purchase orders **or check requests** will be issued for goods or services that require the expenditures of State appropriations (**This includes all accounts that begin with the numeral "1". Those most common to academic affairs begin with 101, 102, 103, 110, 140, 150, 151, 152, 160, 170.**). This action is also applicable to use of P-Cards associated with these accounts. Utilization of these cards should be discontinued until further notice. **P-cards linked to non-state accounts such as trust funds or revenue generating accounts are not subject to the restriction.** Furthermore, outstanding purchase orders for goods or services that have been ordered **prior to April 13th but not received by April 16, 2009** must be cancelled.
- All travel requiring the expenditure of State appropriations shall be terminated for the remainder of the fiscal year. Instances involving public safety, public health or economic development opportunities may be allowed but must be preapproved by the Chancellor or designee and reported to the Office of State Budget and Management (OSBM). No out of state travel will be authorized. Any other travel exceptions must be approved by OSBM.

No travel, including faculty and student travel to conferences, after April 13th, will be reimbursed with state funds even if preapproved. This includes travel for which faculty received Chancellor's Travel Fund awards. If airfare has been paid prior to April 13th, it will be reimbursed. However, no additional travel related expenses incurred after the 13th will be reimbursed. These conditions can lead to interesting dilemmas for WCU travelers: For example, an individual could fly to the conference on a prepaid ticket after April 13th and receive reimbursement for the airfare, but would bear responsibility for all other costs. If the individual cancels the trip "for the convenience of the university", he/she could pay a reissue fee for a flight after July 1st which the university would reimburse.

Additional Notes:

Travel related expenses after April 13th can be reimbursed out of trust funds, external grants from non-state agencies and other non-state accounts.

Travel related to classes, i.e. internships, clinicals, student teaching supervision will be reimbursed from state funds as usual.

- Unless a prior commitment has been extended, all vacant permanent or temporary positions may not be filled. A prior commitment is defined as a verbal or written communication between the hiring agency and the prospective employee detailing salary and employee start date. Agencies may make special exceptions for positions that provide direct classroom instruction as well as positions critical to law enforcement, health care or public safety.

Faculty searches for fall 2009 are not subject to the hiring freeze because these positions are funded out of 2009-10 funds. However, these searches ARE SUBJECT to all other restrictions including travel. Colleges/School will have to rely on non-state sources (including trust accounts and discretionary funds) to bring candidates to campus.

- No promotions, reallocations (position reclassifications), career-banding adjustments, in-range adjustments or other salary adjustments may be made **before July 1st.**

This directive does not affect faculty promotions granted this year because increases occur after July 1st. It is still possible that promotions will be affected for next year should the Governor or GA come forth with an additional directive. However, for now, they are not affected.

- Carry forward of unspent funds from the current fiscal year into a future year should not be planned.

We are seeking clarification on how this restriction affects certain 102 and 103 accounts (e.g. Summer Session and Continuing Education) because they depend upon fund balances to fund future obligations. We believe that we will be able to spend these fund balances on the activities related to the purpose of these accounts. General Administration is seeking clarification from State Budget.

In applying these directives, special exceptions may be made for direct classroom expenses, law enforcement, health care, and public safety. Any request for an exception must be accompanied by written justification and must be approved by OSBM.

General administration is requesting clarification on a number of issues, including the definition of direct instruction. We are maintaining that each of the following should fit that definition: faculty; graduate teaching assistants; consumables for classroom instruction, laboratories and studios; software and computers for electronic classrooms and computing labs; in-state field trips integral to courses; intern supervision and off-site instruction.

UNC–General Administration hosted a conference call today to discuss campus challenges in dealing with these directives. We are compiling a list of questions and will submit those to UNC-GA for OSBM consideration. We expect to have further clarification by the first of next week. In the meantime, we will begin implementing these measures by suspending all purchase requests. All travel, unless it supports the classroom, should be suspended or cancelled until further information is provided. Finally, we have begun the process of contacting vendors to ascertain if they can deliver the goods or complete the designated service by April 16th.

This action effectively discontinues all expenditures activity unless it meets one of the areas of exception. We realize there will be many questions and we will make every attempt to provide additional information as it becomes available. Accountable Officers must not commit or obligate the University for the expenditure of funds unless an exception has been obtained.

Please contact the provost, vice chancellor, or chief of staff if you have specific questions. A copy of the OSBM memorandum is provided for your information. Please share this message with employees in your area who do not have access to a computer.

In the Provost Division, direct your questions to the unit head (Dean or Director) or their designee who will be able to answer most of your questions. If they do not know the answer, they will consult with AJ Grube in the Provost Office who will provide the answer. We believe this will be the fastest way to answer your questions.

Thanks,

Kyle Carter Chuck Wooten
Provost Vice Chancellor for Administration and Finance