Colleagues,

In order that business processes can continue with minimal disruption, we are providing tentative guidance to implement the spending restrictions that were included in the July 24, 2009 Office of State Budget and Management’s (OSBM) memorandum.  Effective immediately, we will utilize procedures similar to year end roll-up; consequently, all expenditure requests and commitments processed on or after July 24, 2009 for State funds must be approved by the Provost, Chief of Staff, or appropriate Vice-Chancellor. These approvals will confirm whether the expenditure request meets one of the following criteria.

* Is the purchase of supplies, equipment or materials required for direct classroom instruction
* Is a mandatory obligation including utilities, debt service (IT capital lease payments), or a purchase of goods or services “absolutely necessary to continue the core mission of the University.”
* Does in-state travel involve
	+ Public Safety,
	+ Public Health,
	+ Classroom instruction, or
	+ Situations related to the custody of persons for whom the State is responsible

If the expenditure is approved as meeting criteria 1, it need not be reported to OSBM and can be processed for acquisition or payment as appropriate and consistent with University policies.  Each expenditure request for direct classroom instruction should be clearly labeled as such and the requesting department should be prepared to substantiate the expenditure request.

Expenditures approved as meeting criteria 2 or 3 will be summarized and reported to OSBM **one week in advance of the obligation.**  The Offices of Accounts Payable, Purchasing, and Travel will separate expenditure requests by division and forward those to the appropriate senior administrative officer for review and action.  Each Friday, the items approved as necessary to continue the core mission of the University will be summarized and reported to OSBM the following Monday and they may be processed one week later.  At this time, we must report every expenditure request other than direct classroom instruction transactions so normal processing will be delayed and this should be considered as you plan for expenditures that are necessary to continue the core mission of the University.

**Please do not obligate any State funds until the request has been approved by the appropriate senior administrative officer, it has been reported to OSBM, and a minimum of one week has passed since reporting.  This includes signing contracts, planning travel, making a purchase with the intent of being reimbursed, or any other obligation of State Funds.**

**In addition, effective immediately, Check Requests for payment from State funds are being limited to only utilities and those approved expenditures requiring prepayment; therefore, all other expenditure requests should be initiated by requisition in Banner to facilitate the approval process.**

Until such time that the FY 09-10 budget is approved, we will be operating at a substantially reduced cash allotment.   The current allotment is not sufficient to support our normal level of expenditure activity so we must keep spending to a minimum level until such time that we receive relief from this reduced allotment restriction.  Executive Council will discuss this OSBM directive in depth and provide specific internal guidance in the near future.  We will update you as more information becomes available.

OSBM has released a listed of frequently asked questions (FAQ) concerning mandatory obligations and it is attached for your information.  In some cases, we have found this list to generate even more questions.  In the meantime, if you have a specific question please direct it to the appropriate senior administrative officer or the budget office.

Thanks

Chuck Wooten

Vice Chancellor for

  Administration