

## OSBM Clarification to the

### April 9, 2009 Memorandum on Spending Restrictions

**Reminder:** Any exceptions should be communicated to the appropriate person in your division.

OSBM has responded to numerous campus-specific questions. The responses provided were to address a specific question that had been raised and does not extend blanket approval. Exception requests are reviewed and approved on a case by case basis. Therefore, all campuses must continue to request campus-specific exceptions to the guidance in the April 9, 2009 memo. In addition, these requests should be restricted to those items deemed critical to basic operations through June 30.

#### Travel

1. Is travel for Distance Education courses permissible? **Yes, if it is for direct instructional purposes.**
2. Is travel allowed to distant sites by our faculty to supervise student teachers and interns? **Yes, if it is for direct instructional purposes.**
3. Is travel reimbursement allowed for job interview candidates? **Travel reimbursements for obligations prior to April 9 may be paid. The travel must have been in compliance with section 5.7.2 of the State Budget Manual.**
4. Is travel allowed for faculty and/or students to present papers at a conference? **No.**
5. Can travel supporting economic development activities continue? **If approved by the agency head (Chancellor). All exceptions approved must be reported to OSBM.**
6. Can travel to support student recruitment continue? **No.**
7. Can we continue to travel if the majority of the expenses have already been paid, such as registration fees, airfares, and hotel costs realizing that most of these items are nonrefundable? **These must be cancelled.**
8. How will campuses handle implementation of UNC-FIT requirements? Would we be able to attend considering the travel restrictions? **No in-state travel is authorized except on an exception basis. Submit an exception form for consideration.**
9. Can the university pay a travel reimbursement for travel that began prior to April 9. **Yes.**
10. In paragraph 3 of the OSBM memo, exceptions for travel “may be allowed but must be preapproved by the agency head.” Does this mean for those qualifying reasons; public safety, public health and economic development opportunities that our allotment will cover these expenses if they are approved by the Chancellor? **Yes, OSBM will review the report to ensure compliance.**

#### Library Expenditures

1. Are we required to cancel standing orders for library books and online library services? **Purchases of goods received by April 16 can be paid. All others must be cancelled.**

2. Can subscription renewals for the library that are due before the end of the year proceed? **Any renewals (or extensions) of contracts must be submitted as an exception.**

### **Personnel Expenditures**

1. Can temporary employees that were hired by verbal commitment through the end of the semester remain employed or must they be suspended immediately? **They may remain employed if the verbal commitment was prior to April 9.**
2. Are payments for all position searches where employees are to begin work after July 1 allowable? **Only if the contractual obligation occurred prior to April 9.**
3. Can vice chancellor and deans position continue to be recruited and hired? **These positions may not be filled in the current fiscal year.**
4. Are there any other limitations on hiring faculty for the Fall semester? **Faculty providing direct classroom instruction may be hired.**
5. Will the freeze affect Teacher of the Year awards? **UNC General Administration would have to request an exception for consideration.**
6. Can the University make hiring commitments effective July 1, 2009? **No, unless for direct classroom instruction positions.**
7. Can overtime be paid on state funds? **Overtime is considered a personnel expense, and is permitted. It is suggested that these expenditures be minimized.**
8. What about re-classes, promotions etc that do not have dollars attached? **There are no exceptions to #5 in the April 9 memo.**
9. Is OSBM only focused on staff positions and non-student temporaries, or should we also cease to make new appointments of all student workers? **Restrictions apply to all employees including student workers.**
10. What parameters are there for one-time payments to faculty that were signed as of Thursday April 9th? **These are allowable as part of payroll if contracted prior to April 9.**

### **Summer School**

1. Should 2nd Summer Session of Summer School be canceled? (Summer School carry forward receipts were captured a few years ago.) **No**
2. Will we be able to pay faculty for teaching summer classes both on and off campus? **Yes, direct classroom instruction is allowable.**

### **Distance Education**

1. What parameters are there for one-time payments to faculty teaching distance education courses for this Spring (they are in the middle of their contracts)? **These are allowable as part of payroll if contracted prior to April 9.**

### **Direct Classroom Expenditures**

1. What types of parameters are there for "direct classroom instruction expenses"? **These are allowable as part of payroll if contracted prior to April 9.**
2. Exemption is requested for existing and planned purchase orders related directly to classroom instruction, including but not limited to faculty computer refresh, classroom technology refresh, administrative and academic software license agreements, scientific equipment replacement and refresh, essential repairs, and planned and budgeted expenses relative to instruction. **Submit to OSBM as an itemized exception.**

### Commencement

1. Can the Spring commencement be held (diploma order, speaker, interpreters-to be ADA compliant, printing of programs, shuttle buses due to parking constraints, postage and associated costs)? **Yes, but these costs must be kept to a minimum. OSBM must receive an exception request.**

### JSNN

1. JSNN Program: There were funds that were just released. Can we spend these funds for items such as scientific equipment needed for the program? **Not unless needed for classroom instruction in the current fiscal year. An exception must be requested.**

### Kannapolis

1. What about start up packages for Kannapolis faculty? The nature of the work is research and it has an economic development impact, but the fund source is State Funds. **No**

### OTP

1. Can General Administration special appropriations that were received for specialized equipment that has been ordered and cannot be received by the April 16th date be expended? **No, these orders must be cancelled.**
2. What do we do about contractual licensing of software, database access, etc. that comes due in the next 2.5 months, assuming we would be delinquent if not paid before July 1, 2009? **Contracts for services (including licensing and maintenance) that have begun prior to April 9 may continue to be paid. Contract renewals and extensions are considered new and must be submitted to OSBM as an exception.**
3. Other types of contracts – maintenance and leases for example. Can we honor these without requesting exception? **Ongoing maintenance and lease contracts obligated prior to April 9 may continue to be paid.**
4. I assume that the large payments for safety equipment (surveillance cameras, etc.) that is being funded with the one-time appropriated monies will be permissible since it falls under the safety category? **These requests may be considered on a case-by-case basis only with substantial justification of the specific safety issue. Must be submitted as an exception.**
5. Commitments for Grant matching? **Must be submitted as an exception.**
6. Exemption is requested for personal service contracting and expenses related to University cash match requirements for grants and contracts. Cash match for many University grants and contracts requires institutional commitments including, but not limited to, program administration and evaluation, faculty stipends for summer research and research mentoring, scientific and technical equipment purchases and maintenance, instructional technology and computing equipment, and consumable supplies. **Not unless contract signed or agreed to before 4/9/09.**
7. All vehicles and other motorized equipment that are on special order but will not be received by the April 16th deadline, to cancel these would be detrimental to our vendors. **These orders are required to be cancelled.**
8. Motor Fleet Management has a minimum mileage/minimum monthly charge which ranges from \$346.50 to \$567.00. With travel reduced, the motor fleet vehicles will most likely not all meet the minimum mileage required so effectively we will be charged the minimum monthly fee. 1. Will we be expected to pay these? 2. Also, will Motor Fleet Management be paying for fuel that is dispensed to Motor Fleet Management vehicles - particularly with our rental vehicles? **1.Yes, you must pay the minimum fee for any Motor Fleet Management vehicle not turned in. 2. Campus should consult Motor Fleet Management regarding fuel.**
9. Will weekly requisitions for toilet tissue and paper towels be allowed? **Purchases are allowed only for cleaning supplies and paper products necessary in the current fiscal year. This would need to be submitted on the OSBM exception form.**

10. Will emergency repairs be allowed? **An exception form would still be required. Use your judgement, regarding the emergency repairs and timing – if water is pouring in the roof, the campus would be expected to act immediately.**
11. There is a bus for which we have taken delivery and payment must be paid. The cost of the bus is \$300,000. Will that be allowable? **If it was received by April 16, then payment may be made.**
12. There is no exception for basic operations of the University. Would departments be allowed to purchase basic office supplies such as envelopes, pens, papers, etc? **No, unless the campus completely ran out of these items. An exception form must be submitted to OSBM.**
13. Would we be required to return items that were shipped from vendors around April 16th but not received by April 16th? Any suggestions on how to monitor and control such items? **Yes.**
14. Would replacements of broken and unusable chairs in classrooms be allowed? **No.**
15. Postage for educational and administrative uses, i.e. mailing student transcripts? **Postage for normal business functions will be approved but must be kept to a minimum. Electronic alternatives should be used when possible.**
16. Are grants subject to the April 9 memo? **Grants from non-federal sources are subject to the April 9 restrictions (unless in institutional trust funds).**
17. What about furniture already ordered that requires a significant restocking fee? **Furniture and equipment ordered but not received by April 16 must be cancelled. Payment of cancellation and/or restock fee is allowable only under the terms of the contract.**
18. What about board of trustee expenses? What about advisory board expenses of the schools? **These expenses would need to be granted an exception. Board meetings must be cancelled or held via telephone.**
19. Is telephone expenses included in utilities? **No.**
20. Will there be an exception for copying and postage costs associated with conducting routine business? **Yes, keep to minimum necessary.**
21. Can student refunds continue to be paid? **Yes.**
22. How are campuses to attend the Board of Governor's meeting? **By telephone. All state board or commission meetings after this week (April 13) shall be cancelled or done via phone.**
23. Can gasoline be considered a utility? **No.**

### **Miscellaneous**

1. Is it legal to actually "cancel" Purchase Orders? We would like ruling on this before cancelling, since the last time, we actually had to reinstate some I believe. **Yes, it is legal – per Deputy State Budget Director.**
2. Should Funds in 102 and 103 be safe? **The restrictions in the April 9 memo apply to all funds in the General Fund budget codes, including receipts.**
3. How will campuses handle implementation of UNC-FIT requirements? Would we be able to attend considering the travel restrictions? **No in-state travel is authorized except on an exception basis. Submit an exception form for consideration.**
4. Should advanced deposits for Fall 2009 be discouraged? **No.**