

The University of North Carolina at Chapel Hill  
Emergency Budget Guidelines  
7/29/09

**\*\* SPENDING FREEZE EFFECTIVE IMMEDIATELY \*\***

Effective July 24, 2009 and until further notice, the State Budget Director, acting on behalf of the Governor, and under Article III, Section 5(3) of the North Carolina Constitution, has implemented hiring and spending restrictions on all state funds including state receipts (16020 Academic Affairs, 16021 Health Affairs, 16022 AHEC, and State Receipts). The accounts affected by this freeze are identified in the Financial Records System (FRS) as 2-XXXXXX and 3-8XXXXX. This spending freeze does not apply to non-state funds, although prudence should be exercised in spending non-state funds.

***Actions contrary to these guidelines will result in the transfer of expenses to non-state funding sources.***

# Personnel Expenses

Hiring for positions that are paid 100% from non-state resources is permitted using the normal approval process. The following rules apply to positions paid fully or partially from state funds:

- 1) Hiring for both tenure-track and non-tenure-track faculty positions directly related to classroom instruction is still permitted; **however, the hire must be pre-approved by the campus and notification must be submitted to OSBM at least one week prior to an offer being made.**
- 2) Hiring of public safety officer or health care staff providing direct care to patients may continue; **however, the hire must be pre-approved by the campus and notification must be submitted to OSBM at least one week prior to an offer being made.**
- 3) New mission-critical EPA and SPA temporary hires are permitted; **however, the hire must be pre-approved by the campus and notification must be submitted to OSBM at least one week prior to an offer being made.**
- 4) Current mission-critical staffing contracts with employment agencies and contractors (e.g., temporary staffing, IT contractors, etc.) may be renewed at the expiration of the current contract period; **however, the contract must be pre-approved by the campus and notification must be submitted to OSBM at least one week prior to an offer being made.**
- 5) All other EPA and SPA vacant positions funded entirely or partially from state funds are frozen, except those for which there was an oral or a written communication with the prospective employee through July 24, 2009, detailing salary and anticipated start date. This limitation does not apply to vacancies existing because individuals are on, or obtain, leave without pay in accordance with personnel policies.
- 6) Creation of a new position that is funded fully or partially with state funds is not permitted, other than as allowed in #1 and #2 above.
- 7) A salary increase that includes state funds cannot be made to an incumbent for any reason. This includes career-banding adjustments and in-range adjustments. However, a trainee may receive a scheduled salary progression increase that is required to bring the salary to the minimum.
- 8) A reclassification or promotion is not allowed, even if there is no salary increase.
- 9) Salary reallocations to state funds are permitted as long as the total salary amount is in the current employment agreement. For example, normal salary reallocations to bridge research projects or to conduct departmental research in the summer are permitted as long as the salary reallocation does not result in a salary increase.
- 10) One-time payments to faculty are allowed if they are part of a faculty contract that was entered into before July 24.

- 11) Current temporary appointments, including students, may be continued if there was a commitment before July 24. New student hires are allowable if granted a special exception by OSBM. A blanket request for the semester will be submitted by the Budget Office.
- 12) Overtime hours are permitted but should be kept to a minimum.
- 13) Recruitment and selection processes:
  - a. Searches officially underway may be continued but only appointments of teaching faculty, public safety officer positions or health care staff providing direct care to patients may be made. **(See #1 and #2 above for advance notification requirements)**
  - b. For those positions which are not teaching faculty, public safety officers, or health care providers, employment offers may not be extended until further notice.
  - c. New searches may be initiated, but no advertising or recruitment expenditures are permitted from state funds.
- 14) Employee insurance payments, worker's compensation claims, disability payments, and other similar legal obligations are permitted.

***Process:***

- To initiate a pre-approval request under #1, #2, and #3 above, the attached form must be completed and submitted electronically for each proposed offer to Thea Crabtree in the Budget Office at 919-962-5764 or [pwcrabtr@email.unc.edu](mailto:pwcrabtr@email.unc.edu). The form must be submitted to the Budget Office prior to the offer. Per the freeze rules, the Budget Office can only submit the requests to OSBM at noon each Monday. Do not contact OSBM. Per the freeze rules, OSBM will have approximately one week to question the request. If the request is not questioned after a one-week period from submittal to OSBM, the Budget Office will return the approved form to the unit. For EPA new hires, the approved form from the Budget Office will need to be submitted to the EEO Office as part of the Final Selection Document before that office will approve the selection. For SPA new hires, the approved form from the Budget Office will need to be submitted to the Human Resource Employment and Staffing Specialist assigned to your department, before an offer will be made to the selected candidate.
- The Office of Procurement Services will capture the data centrally and submit the pre-approval request for items falling under #4 above.
- Requests for exceptions to the above personnel expense guidelines are being approved only in extremely rare cases. The special request must represent an emergency situation. Requests should be sent to Thea Crabtree in the Budget Office at 919-962-5764 or [pwcrabtr@email.unc.edu](mailto:pwcrabtr@email.unc.edu). Do not contact OSBM.

# Travel Expenses

Travel paid 100% from non-state sources is allowed. Travel paid fully or partially on state funds is prohibited, except as noted below:

- 1) Transition to new freeze rules:
  - a. In a case where the university has already expended state funds that are not refundable, the trip may be completed.
  - b. Travel with department head approved written authorization prior to July 24 may be completed.
- 2) **In-State Travel:** The following In-State travel is allowed, **however the trip must be pre-approved by the campus and notification must be submitted to OSBM at least one week prior to the obligation.**
  - a. In-State travel directly related to delivering classroom instruction (including distance education), public safety, delivering direct care to patients or animals, or economic development that specifically creates commerce within the State of N.C.
  - b. In-State student travel that is required as part of the student's instructional program and is paid through the billing and collection of special student fees (e.g. in-state field training classes).
  - c. In-State travel for audits, inspections, regulation, investigations or school assistance as a mandatory job requirement.
  - d. In-State travel and subsistence related to mandatory commission and board meetings.
  - e. In-State continuing education expenses if the certification is required as a condition of employment.
  - f. In-State travel for student recruitment.
- 3) **Out-of-State Travel:** This travel is prohibited, except for direct classroom instruction. Out-of-State student travel that is required as part of the student's instructional program and is paid through the billing and collection of special student fees (e.g. out-of-state field training classes), must be submitted to OSBM as an exception.

## ***Process:***

- Pre-approval requests required under #2 above, should be submitted to Phil Easler in Travel Services at 919-962-0210 or [peasler@email.unc.edu](mailto:peasler@email.unc.edu). Do not contact OSBM.
- Requests for special exceptions to the travel expense guidelines are being approved only in extremely rare cases. The special request must represent an emergency situation. Any request for exception must be sent to Phil Easler in Travel Services at 919-962-0210 or [peasler@email.unc.edu](mailto:peasler@email.unc.edu). Do not contact OSBM.

## Other Non-Personnel Expenses

Other non-personnel expenses paid 100% from non-state sources are allowed. Other non-personnel expenses paid fully or partially on state funds are prohibited, except as noted below:

- 1) Transfers of expenses from non-state funds to state funds are not permitted.
- 2) Purchase orders for goods or services that have been ordered but not received by July 24, 2009; **do not** have to be cancelled.
- 3) The purchase of good and services from state funds are allowed only in the following circumstances.
  - a. Good/supplies purchased for resale. (*Minimum quantities only*)
  - b. Food, diapers, baby formula, and other expenses for the direct care of infants/children are allowable. (*supplies must be kept to a minimum*)
  - c. Drugs for the delivery of direct care to patients. (*supplies must be kept to a minimum*)
  - d. Food, bedding, and supplies for the care of the research animals, the purchase of research animals and the repair of equipment - such as cage washing -- that are needed to be compliant with federal regulations. (*supplies must be kept to a minimum*)
  - e. Lab supplies. (*Only minimum to core operations*)
  - f. Office supplies. (*Maximum of one month's supply*)
  - g. Copier leases and supplies. (*supplies must be kept to a minimum*)
  - h. Postage for normal business operations. (*supplies must be kept to a minimum. Electronic means of communicating should be used whenever possible*)
  - i. Communication costs. (*Must be kept to a minimum*)
  - j. Safety supplies and equipment.
  - k. Printing and mailing of materials required for core operations.
  - l. Existing and renewal leases for facilities and equipment.
  - m. Security badges for employees.
  - n. Maintenance of vehicles, facilities and equipment that cannot be postponed.
  - o. Purchases of gasoline, other fuels and other supplies necessary to operate maintenance equipment and delivery vehicles.

- p. Payments to state management agencies for services related to core operations.
- q. Payments for purchases for direct economic development activities.
- r. Expenses that provide direct matching funds to secure federal or other non-state funds (e.g. private gift).
- s. Commitments made to incoming faculty for start-up packages (e.g., scientific equipment, lab renovations and related expenses) if the faculty member will have classroom responsibilities, but only if the commitment was part of the employment contract.
- t. Computers for new faculty members providing direct classroom instruction.
- u. Library books and on-line library services, if the goods were received or the on-line service contract was signed before July 24th.
- v. New mission critical personal service contracts.
- w. Maintenance contracts. (e.g. equipment maintenance agreements, security contracts, waste collection and disposal contracts, IT maintenance contracts, software license agreements, janitorial service contracts).
- x. Insurance premiums.
- y. Student instructional materials that are required as part of the student's instructional program and is paid through the billing and collection of special student fees (e.g. dentistry equipment/materials fees).
- z. Expenses required to address state or internal audit findings or lawsuits.
- aa. Student refunds.
- bb. Emergency work orders through facilities services. (*e.g. health and safety related issue such as repairing a door lock that does not work*)
- cc. Payments from internal charges from campus service units that are related to external contractual arrangements entered into before July 24th (i.e. the purchase meets the same spending restrictions that apply to purchases from outside vendors).
- dd. Grants to AHEC – 501(c) (3) organizations.
- ee. Continuing education courses are considered regular classroom instruction. (Non-instructional expenses are still subject to the freeze restrictions.)

*Process:*

- The allowable expenses identified above that are processed on a purchase order (\$5,000 or greater) must be **pre-approved by the campus and notification must be submitted to OSBM at least one week prior to the obligation, unless it is for direct classroom instruction.** The Office of Procurement Services will capture these data centrally and submit the pre-approval request.
- The allowable expenses identified above that are processed through the small order payment process or a p-card (less than \$5,000) must meet the freeze rules stated above. Transactions will be reviewed as invoices are submitted for payment. Unallowable expenses charged to state funds will have to be moved to another fund source.
- Requests for exceptions to the non-personnel expense guidelines are being approved only in extremely rare cases. The special request must represent an emergency situation. **Any request for exception must be sent to Fahir Zulfikar, Operational Manager, Procurement Services at 919-962-0739 or [zulfikar@email.unc.edu](mailto:zulfikar@email.unc.edu).** Do not contact OSBM.

## Capital Improvement / Repair & Renovation Expenses

Capital Improvement and Repair & Renovation expenses paid 100% from non-state sources are allowed. Such expenses paid fully or partially on state funds are prohibited, except as noted below:

- 1) Emergency/unplanned repairs to facilities <\$100,000 are allowed; **however the repairs must be pre-approved by the campus and notification must be submitted to OSBM at least one week prior to the obligation.**
- 2) Emergency/unplanned repairs to facilities >\$100,000 is allowed **if granted a special exception by OSBM.**
- 3) Purchases for existing Capital Improvement projects are allowed.
- 4) Emergency Repair and Renovation (CI) is allowed **if granted a special exception by OSBM.**

*Please contact Facilities Planning & Construction or Facilities Services depending on the fund source to initiate the required pre-approval process or request an exception from OSBM.*