

East Carolina University
2008/09 Emergency Budget Management Restrictions

On October 7, 2008 the university's leadership implemented the 2008/09 Non-Recurring Budget Management Guidelines (Guidelines), a set of actions to meet a 2% non-recurring appropriation budget reduction for all state agencies, including the UNC System. Since that time the nonrecurring reduction increased to 7% and revised guidelines were distributed on January 22, 2009.

On April 9, 2009, Office of State Budget and Management (OSBM) announced stringent restrictions for the remainder of the 2008/09 fiscal year. OSBM analysis of general fund cash indicates that additional restrictions are necessary to ensure a balanced budget on June 30, 2009. **Effective April 9, 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 appropriated funds (16065 Academic Affairs, 16066 Health Sciences).**

Given these circumstances, the university's leadership is replacing the January Guidelines with the following restrictions. **These restrictions are effective immediately and apply to transactions involving only state appropriated funds unless otherwise stated. These restrictions also apply to journal entries that result in the use of state appropriated funds.** Effective immediately, no employee of ECU is authorized to make any commitment for the expenditure of or to spend state appropriated funds in a manner that violates these restrictions, including the applicable process for review of requests for exceptions. Employees who violate these restrictions will be subject to disciplinary action. **The university will pay obligations created in violation of these restrictions only through the transfer of expenditures to non-appropriated funds.** Since ECU's level of non-appropriated funds is limited and will be needed to manage the university's budget in fiscal year 2009/10, it is extremely important to manage the non-appropriated funds very conservatively.

Personnel Expenditures

1. All vacant positions, including those resulting from new funding in 2008/09 must remain frozen **until further notice**. Through July 1, 2009 the only possible exception to this restriction is faculty positions directly related to classroom instruction, law enforcement positions and health care positions. All requests for exceptions through July 1, 2009, must be justified and approved in writing by the appropriate vice chancellor and chancellor.
2. The chancellor's written approval is required for the creation of all new positions (adding new individuals to the payroll) regardless of funding source and the hiring of persons into new positions created since January 1, 2009. Positions involved in summer research paid from research grants including graduate assistantships, post-docs, etc. may be approved by the vice chancellor of research and graduate studies. All other requests must be made by the appropriate vice chancellor, must include a compelling rationale tied to the university's five strategic priorities and receive final approval of the chancellor.
3. All new salary increases including stipends, raises, career progression/in-range salary adjustments, etc. are prohibited.
4. Any new personal service contracts are prohibited.

Recruitment and selection processes

5. Searches approved by the appropriate vice chancellor as an exception to the current freeze and officially underway before April 9, 2009 may be continued but no hiring commitments may be made with an effective date prior to July 1, 2009. New searches must be approved by the appropriate vice chancellor as an exception to the university's current freeze and may be initiated, but no advertising or recruitment expenditures are permitted from state appropriated funds. **Furthermore, a final employment commitment is dependent on the availability of funds and cannot be effective until the 2009-2010 budget is approved, which will not occur before July 1, 2009.**
6. No new temporary appointments may be made but current temporary appointments, including students, may be continued.

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Non-Personnel Expenditures

No purchases may be initiated or made for goods or services that will require the expenditure of state appropriated funds except as noted below. Any expenditure that does not meet these guidelines requires the approval of the appropriate vice chancellor, chancellor and OSBM. All purchasing methods including storeroom purchasing, ProCard, office supply punch-out catalog, purchase orders, and standing orders other than contractual obligations as addressed are covered by these restrictions.

1. Expenditures related to the purchase of supplies, equipment and materials required for direct classroom instruction are permitted but must be critical and used before June 30, 2009 and have **prior approval** from the appropriate vice chancellor and chancellor.
2. Expenditures directly related to emergency situations related to law enforcement, health care and public safety are permitted but must be critical, used before June 30, 2009 and have **prior approval** from the appropriate vice chancellor, chancellor and OSBM. These expenditures must be reported to OSBM after the expenditure if advance approval is not feasible due to the nature of the emergency.
3. Purchases of computers for new faculty members related to the classroom for class preparation, for responding to student emails and for performing other instruction-related activities are permitted but must be critical, used before June 30, 2009 and must have **prior approval** from the appropriate vice chancellor and chancellor.
4. Purchase orders for goods or services that have been ordered but not received by April 16, 2009 must be cancelled. This restriction includes information technology purchases and personal services contracts.
5. Commitments made to incoming faculty for start-up packages (e.g., scientific equipment, lab renovations and related expenses) are permitted if the faculty member will have classroom responsibilities, the expenditures are critical, used before June 30, 2009 and must have **prior approval** from the appropriate vice chancellor and chancellor.
6. No transfers of expenditures from non-state funds to state appropriated funds are permitted. The only exception is for clearing inappropriate costs from grants. Such transactions must be approved by the vice chancellor for research and graduate studies.
7. Regular office items including postage, printing, copying, and office supplies must be managed carefully and shared before additional supplies are purchased. Purchases of these items must be limited to what would be absolutely necessary for consumption through June 30, 2009 and require **prior approval** by the appropriate vice chancellor, chancellor and OSBM.
8. Expenditures that provide direct matching funds to secure federal or other non-state funds are permitted but all **new** commitments must have **prior approval** from the appropriate vice chancellor, chancellor and OSBM.
9. Purchases of gasoline, other fuels and other supplies required to operate maintenance equipment, service vehicles, police vehicles and delivery vehicles must have prior approval of the appropriate vice chancellor, chancellor and OSBM.
10. Continuing payments on existing contractual obligations (maintenance contracts, service contracts, insurance premiums, software licenses and ongoing maintenance and repairs) are permitted. Renewals and extensions of existing contracts require prior approval by the appropriate vice chancellor, chancellor and OSBM.
11. Expenditures related to commencement (program printing, postage and other costs) are permitted but must be strictly managed to an amount need for this event. ECU is seeking prior approval of commencement expenditures.

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Travel Expenditures

No travel or training funded by state appropriations, except for travel necessary for public safety, public health or economic development, is permitted. Travel for public safety, public health, and economic development opportunities and emergency situations related to the custody and/or care of persons for whom the state is responsible requires the prior approval of the appropriate Vice Chancellor and the Chancellor. OSBM requires each campus to report all travel exceptions on a regular basis.

1. Essential travel directly related to delivering classroom instruction is permitted but must have **prior approval** from the appropriate vice chancellor and chancellor.
2. Non-appropriated funds, especially foundation funds, are not to be used to pay for travel expenses that would normally be funded by state appropriated funds such as attendance at conferences, presentation of papers, etc.
3. Out of state travel is not permitted regardless of the funding source.
4. In cases where the university has already expended state appropriated funds that are not refundable, the travel may be completed but expenses must be covered with non-appropriated funds. Foundation funds should be used only if no other funds are available.
5. Any requests for exceptions to the travel restrictions must be critical, unable to be postponed, and have **prior approval** from the appropriate vice chancellor, chancellor and OSBM.

Exception Process

Exceptions to these restrictions are not anticipated. However, if an exception is deemed essential it must be approved prior to creation of any obligation and expenditure by the appropriate vice chancellor, chancellor, and OSBM. **Actions taken contrary to these restrictions will result in the transfer of expenditures to non-appropriated funding sources and will be the responsibility of the unit that has made the expenditure.**

OSBM requires each campus to report on all exceptions to the restrictions.