July 27, 2009

Colleagues,

As you are aware, the FY 09-10 budget has not been adopted and we continue to operate under a continuing resolution that is restricting the allotment of state appropriations to agencies to 84% of the FY 08-09 budget.  In essence, we are receiving enough cash to cover our monthly payroll expenses.

In light of the current revenue collections and the state’s cash position, on Friday, July 24th the Governor and Office of State Budget and Management (OSBM) issued spending restrictions for FY 2009-10.  In many cases, these restrictions are similar to those we operated under during the last quarter of FY 08-09.  Any purchase order, personnel transaction, or travel commitment made prior to July 24th is not applicable to these new restrictions.  All other business transactions processed on or after July 24th must be in compliance with these spending restrictions and these restrictions are applicable only to State funds.

**Allotments**:  Cash allotments will only be provided for mandatory obligations including payroll, medical supplies, financial aid, required State Aid, and debt service.  It is unclear how much funding will be provided for mandatory bligations other than the ones listed.

**Purchase Orders:**  All new purchase orders for goods or services must be preapproved by the Chancellor or his designee and reported to OSBM one week prior to the obligation.  At this point we are uncertain how this information will be reported to OSBM; however, the Purchasing Office will hold all POs until OSBM provides further directions as to the format of this reporting.  This limitation does not apply to the purchase of supplies, equipment, and materials for direct classroom instruction.  All purchase requisitions for direct classroom instruction must have this clearly stated on all purchase requisitions and payment requests.  Effective immediately, we are suspending the use of the PCard until further notice.

**Travel:**  All travel is restricted until further notice except for instances involving public safety, public health, classroom instruction, and situations related to the custody or care of persons for whom the state is responsible.  In these instances, the travel must be preapproved by the Chancellor or designee and reported to OSBM one week prior to the obligation.  No out of state travel will be authorized.

**Vacant Positions:**  Vacant positions may not be filled unless there was a commitment prior to July 24th.  A prior commitment is defined as a verbal or written communication between the hiring agency and the prospective employee detailing salary and hiring date.  Special exceptions may be approved by the Chancellor for positions that provide direct classroom instruction as well as positions critical to law enforcement, health care, public safety and/or are related to the custody and care of persons for whom the state is responsible.  The Chancellor must report to OSBM one week prior to any special exception approval.

**Salary Adjustments:**  No promotions, reallocations (position reclassifications), career banding adjustments, in-range adjustments or other salary adjustments may be made.

Obviously, these restrictions will substantially modify the way we have normally functioned.  Furthermore, these restrictions reinforce the negative impact of the economic slow down to the State and its finances.  Please be mindful that these restrictions are being implemented outside of the budget deliberations so there is every reason to believe they will continue even after a FY 09-10 budget has been adopted.

Thank you in advance for your patience and understanding as we try to navigate through these new restrictions while at the same time trying to prepare for fall semester and the arrival of our largest freshman class.  We will provide additional information as it becomes available and we will provide specific guidelines related to purchase orders, travel requests, and employment decisions that must be reported to OSBM one week in advance of their obligation.

We will be posting the Governor’s Executive Order and OSBM memorandum on the Chancellor’s website for your information.  Please share this information with employees who do not have access to email.  If you have specific questions, please direct those to the appropriate senior administrative officer.  As always, we welcome your input and guidance for managing these difficult times.

Thanks

Kyle Carter, Senior Vice Chancellor for Academic Affairs and Provost

Chuck Wooten, Vice Chancellor for Administration and Finance