



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
Peter Hans, President

MEMORANDUM

FOR YOUR IMMEDIATE ATTENTION

April 27, 2020

TO: Community College Chief Financial Officers

FROM: Elizabeth Grovenstein, Vice President/CFO

RE: Budget Management for Remainder of FY 2019-2020

The Office of State Budget and Management (OSBM) has indicated that the impact of the COVID-19 pandemic on North Carolina’s economy has been extreme. In addition, the tax payment deadline extension from April 15 to July 15 will have a significant impact on this fiscal year’s tax collections. Consequently, on April 23, 2020, OSBM issued a memo requiring public agencies, including the North Carolina Community College System, to implement budget management measures for the remainder of FY 2019-2020. This memo is intended to provide colleges guidance on the actions the NC Community College System will need to take in order to comply with this directive and manage our remaining fourth quarter finances.

State Spending Restrictions

Effective immediately, OSBM is requiring the implementation of spending restrictions. Please note that these spending restrictions apply to State funds. These spending restrictions **do not apply to federal funds** that flow through State accounts, including federal WIOA Title II Adult Education and Family Literacy Act and Perkins funds, nor do they apply to monies held in college institutional or county funds.

Purchasing

No purchase orders may be issued for goods or services that will require the expenditure of State funds except for 1) supplies, equipment, and materials required for education instruction; 2) mission critical items as determined by the College President or his/her designee; and 3) COVID-19 items only. Purchase orders that have already been signed may continue.

Travel

Once the stay at home order is rescinded, travel and training requirements shall be limited to 1) public safety and health, 2) job requirements, and 3) economic development opportunities. Any

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exceptions to this restriction must be specifically approved by the College President as an exception.

Hiring

Vacant permanent or temporary positions shall not be filled with the following allowable exceptions:

1. Prior commitment has been made to the candidate,
2. Community College faculty/instructors who are providing educational instruction,
3. Deemed mission critical by the College President,
4. Vacancies related to COVID-19 activities,
5. Other vacancies specifically approved by the College President as an exception to this directive.

This limitation does not apply to vacancies existing because individuals are on, or obtain, leave without pay in accordance with personnel policies.

Salary Increases

No salary increases, other than promotions, are allowed. This restriction applies to performance-based bonuses and any other salary increases paid with State funding sources.

Cash Management

The economic impact of the pandemic and revenue shift from the tax payment deadline is severely impacting the state's cash position in closing out FY 2019-20. Furthermore, although we have contingency plans, support from the State to manage a potential receipt-shortfall is not assured. We learned on April 24, 2020 that the federal source of funds that would support our System request of a \$25 million reserve for a possible receipt-shortfall, is not allowed to be used for that purpose. If a receipt-shortfall does occur at a level that exceeds our contingency plans, colleges should anticipate receiving limited or no cash for general expense.

Please note that OSBM's memo did not impact capital projects (new construction or repair and renovations) so those projects should continue as planned.

I appreciate everyone's cooperation and patience as we work through this very challenging situation.

cc: Presidents