

STATE BUDGET FREEZE

Questions and Answers

In an effort to provide the LEAs and other stakeholders with the most up to date information we have related to your questions on the budget restrictions (dated 04-09-09) imposed by Office of State Budget and Management (OSBM) we will post questions received from our stakeholders and our answers, based on the best of our knowledge, on our website

<http://www.ncpublicschools.org/fbs/>

Due to the volume of calls and e-mails we cannot answer all the questions personally. Many of the questions are asked several times by different LEAs. Therefore, we believe the most effective and efficient way to answer your questions is through the web process mentioned above. If you have questions that are not answered please e-mail them to Alexis Schauss aschauss@dpi.state.nc.us . This will help us centralize your questions and concerns. Working together we can make it through this most difficult time.

We have attempted to group the questions by type as best we can. We have listed the questions with the answers in bold. The groupings are:

- Carry Forward
- Purchases of Goods
- Purchases of Services
- Reimbursement of Local and Federal Funds
- Staff Development
- Transportation
- Travel
- Vacant Positions
- Miscellaneous

We will update this list regularly as we receive new questions. We hope this helps disseminate the information quickly to all LEAs since many LEAs share most of these concerns. We encourage you to share this information with your support staff, program directors, etc.

THIS DIRECTIVE PERTAINS TO ALL STATE PRCs, WITH STATE TEXTBOOKS BEING THE ONLY EXCEPTION

THE RESPONSES TO THE QUESTIONS BELOW RELATE TO THE USE OF STATE FUNDS. LOCAL AND FEDERAL FUNDS ARE UNAFFECTED BY THIS DIRECTIVE.

Carry Over Funds:

1. Does this memo pertain to summer school?
If summer school is prior to June 30th, the directive in the April 9th memo applies. Summer school expenditures

As of April 13th, 2009, we are uncertain as to the State's ability to carry forward funds past June 30th in any PRC including PRCs 069 (At-Risk) and PRC 072 (Student Accountability).

2. Will textbooks also be reverted?

Textbook funds are currently not part of this directive. At this time orders can continue from these funds and we do anticipate that these funds will carryforward.

Please also note that Classroom Supplies and Materials may NOT be transferred into this fund after April 9, 2009 due to this directive.

Purchase Orders for Goods:

3. We have outstanding textbook purchase orders that will not be received by April 16th. Must these orders be cancelled?
These orders do not have to be cancelled. Textbooks are not included in this directive.
4. Can ABC Transfers continue to be processed? For example, can schools that previously transferred dollars from textbooks to supplies move the dollars back to textbooks?
ABC Transfers will not be processed.
5. We have outstanding transportation purchase orders and service agreements that pertain to transportation department requirements for the safe delivery of children to schools. Must they be cancelled?
See the detailed memo on Transportation Expenditures at <http://www.ncbussafety.org/reports.html>
6. We use state dollars for technology for infrastructure support and networking of our student and financial information systems. Must these service and support agreements be cancelled?
If these agreements were in place (prior to April 9th), they do not need to be cancelled. No new agreements may be entered in to.
7. Are Microsoft Voucher Refunds impacted by the cash flow restrictions? Use of these funds is specified by the Settlement Agreement.
These funds are considered local funds and would not come under this directive.
8. Our Driver's Education program has outstanding purchase orders for vehicles.
Several LEAs have asked this question, we will need to check with the Office of State Budget and Management on outstanding Purchase orders on vehicles.
9. If purchase orders are not related to the classroom, must we cancel the order unless it is local or federal source?

Yes, if they are not related to the classroom you must cancel unless they will be paid with federal or local funds.

10. Will instructional equipment for classrooms be allowed?
If the item(s) has not been received by April 16th, then the purchase order must be cancelled.
11. We have an order to be approved next week to purchase \$15,000 of computers for a lab in an elementary school. Can we proceed?
No, the purchase order must be cancelled if it uses State funds.
12. How about purchase orders in place, items received, invoices ready to pay can we go ahead?
If the goods or services have been received prior to April 16th, 2009, then you can honor those invoices with state funds.
13. We have many items on order that have not been delivered that we consider to be directly related to classroom instruction? An example would be replacement computers. Do we have to cancel these types of purchase orders?
Yes, you will need to cancel those purchase orders.
- Only purchases which are critical and necessary to continue the direct classroom instruction for the current fiscal are permissible.**
14. We have some obligations that are "special orders". For instance we ordered some drafting tables that are being made. If we cancel this order we will still be liable for payment.
- For special "one-of-a-kind" orders, you may be able to receive an exemption, provided the purchase order has been encumbered prior to April 9th, 2009. Please provide the details of this type of transaction, including account number, and \$ amount, type of purchase and why necessary to instructional activities to the Division of School Business so that we may attempt to gain an exception for you.**
15. Our schools pay their copy costs for classroom materials from some state funds. Are they allowed to pay these invoices or do those requisitions need to be cancelled and paid from other funds?
If these materials are required for direct classroom instruction, state funds may be used. Please limit the expenditures of this type as much as possible.
16. All POs not directly related to classroom instruction which are already in process need to be canceled, correct? So if we have a PO in process for tires for a bus it needs to be cancelled?
If the tire purchase is necessary to ensure the safety of the children and to ensure the operation of the bus fleet for this fiscal year, then the purchase may be made from state funds. If the tire purchase is for the preparation of the bus fleet for next fiscal year, then no, those purchases may not be made from state funds. See memo at <http://www.ncbussafety.org/reports.html>

Purchase Orders for Services:

17. Service contracts? How about service contracts already approved but the service will not occur until April 2009? Can we honor or do we cancel, if possible? (consultant for staff development activities?)
- If the services have not begun and the contract is not related to classroom instruction, then the contract must be cancelled. You may honor service contracts, which are already in place if they are directly related to classroom instruction with state funds. This would include specialized services such as speech, psychological. EC services**

You may NOT pay for service contracts if the service has not been provided prior to April 9, 2009 from State funds. This would include staff development activities.

18. Our Driver's Education program has service agreements with driving schools. Must these be cancelled?
No, these service agreements may continue.
19. We have on going contracts for providing services directly to special needs children. Must these be cancelled?
No, these services do not need to be cancelled, they are already in place and are required for the instruction of the student.
20. What about lease payments on copiers, etc. already encumbered?
Lease and maintenance payments on copiers and other equipment, which are already in possession of the LEA, may be paid from state funds. NO new lease arrangements may be made from state funds.

Reimbursing Local and Federal Funds from State Funds:

21. **ALL BUD BATCHES THAT INCREASE STATE EXPENDITURES (SALARY OR GENERAL EXPENSE) WILL BE REVERSED.**
22. If I have local expenditures for direct classroom instructional supplies that would qualify in state PRC 061 that were dated March 30th or earlier, may I do a 202 and move them to the state allotment?
NO, you CANNOT reimburse local or federal funds from any state fund category, this includes position categories as well as the dollar allotment categories.
23. Instead of splitting a classroom teachers 90% and 10%, we will pay 9 months local and 1 month state. Does this directive mean I cannot change that teacher to 1-month state for the Month of May?
Yes, this directive means that you CANNOT transfer a teacher to state funds from local or federal funds, even for a month. If the teacher is already being paid from a state funding source, you may switch the source of the funds within state resources as long as the net effect on state expenditures is zero.
24. Are there any allowances to refund qualified instructional supplies or teacher salaries that are paid from local funds? I had planned on paying back local for computer purchases and teacher supplements. Is this still possible? Is it ok to pay back local for a teacher with PRC 010 funds? That is what I had set up this PRC for?
No, you may not reimburse local funds for any purchases, instructional or otherwise, from state funds. The directive is specific in its intent to FREEZE the expenditures of state funds from April 9th.
25. With the state freeze, what is the status regarding ABC transfers? I was planning to convert some teaching positions from the 001 to 069 to complete the cost of the remediation programs and summer plus programs. Will I be able to do this? Can code changes for classroom teachers still be processed via BUD?
You may NOT process an ABC transfer, which would cause an increase in the use of state funds.

You may continue to transfer funds for activities if they are related to direct classroom instructional activities for the remainder of this fiscal year as long as the net effect on state resources is zero or a net reduction.

You must provide an explanation on why your ABC transfer meets the state's directive before it will be processed. Please attach or include this explanation on your form before submitting it to the Allotment Section for processing (919) 807-3739.

26. Will transfers from instructional supplies to textbooks be allowed?
Classroom Supplies and Materials may NOT be transferred into this fund after April 9th, 2009 due to this directive

Will we be able to continue to code changes to move funds from fund 1 to other sources?

27. **Yes, you may move expenditures from fund 1 to other fund sources. You may not move TO fund 1.**
28. BUD batches that we had in the works but hadn't released, awaiting money we ordered, can those still be transmitted?
BUD batches which have not been processed prior to April 9th, 2009 will not be processed if they increase state expenditures, no matter the posting period (April, May or June). If the BUD batch is a net effect of zero or a decrease in state expenditures it will be processed.
29. Every year we run out of money to pay teacher assistants and clerical assistants. We always move some of them to Low Wealth for the last month of the school year. Will we still be allowed to do this?

If personnel are already being paid from state funds then you may switch the source of those funds, provided the net effect on the state resources is zero or a reduction to expenditures.

You may not transfer locally funded or federally funded staff (those not currently being paid from state funds) to state funds after April 9th. This is a state fund FREEZE and these types of transactions are not allowed.

Staff Development Activities

30. If staff development is already planned and encumbered, can it happen?
Or will anything not related directly to the classroom need to be canceled at this point?
If the staff development activity has not already taken place you cannot use state funds to pay for that activity. Any activity requiring the expenditure of state funds not directly related to the continued direct classroom instructional activities for this fiscal year must be canceled, if no other funds can be used to pay for the obligations.
31. For workshops that are scheduled for May or June that required prepayment of fees. How do I handle that? Do I get a refund ?
Yes, these workshops must be cancelled and a refund must be requested.
32. Any suggestions dealing with the registration fees already paid to agencies for staff development since travel has been frozen, especially if the sponsoring group or agency will not refund the registration fees?
You may not incur any additional expenditures from state funds. If the event will incur any additional state expenditure, the travel must be canceled.
33. Is staff development directly related to classroom instruction frozen (i.e. specific math instruction for teachers or specific EC instruction for teachers)?

This type of activity cannot be paid from state funds after April 9th.

34. What about substitutes for staff development in PRC 014 and 028?
No funds may be expended for any activity from state funds which does not relate to direct classroom instructional activities for this fiscal year.
35. For workshops where the registration has already been paid prior to April 9th, do they need to cancel or can they attend?
They may attend as long as NO additional state funds are used.
- 36.
37. It sounds like all staff development travel/registrations from state funds is a NO, correct?
Correct, these types of activities cannot be paid from state funds.

Transportation Funds:

38. What about transportation expenses?

**A separate e-mail has been sent to your transportation directors on this subject, and has been posted on the website. <http://www.ncbussafety.org/reports.html>
Here is the summary:**

- **Costs to run the bus fleet to finish out the school year and for remediation and summer school activities is allowed. This includes fuel, oil, and MINOR repair parts should those parts be necessary to ensure the safety of the children and are necessary to keep the fleet in service through this fiscal years instructional activities.**
- **MAJOR repair parts and services can NOT be paid from state funds and will require an exemption (such as transmissions, etc.).**
- **Should a bus driver vacancy occur between now and the end of the year and it is necessary to fill that vacancy to safely operate the fleet for this year's instruction, then you may use state funds for this position.**
- **Overtime funds for bus drivers are also allowed to continue from state funds through the remainder of this year's instructional schedule.**

Please notify Derek Graham with the Transportation Section of DPI if you think you may have an emergency situation or need further clarification. Below are some questions related to the above and transportation issues:

39. If a Bus Mechanic position is vacant and we need this position filled before the fleet is returned to service for next year. Buses must be kept at certain safety standards. Would this position be considered emergency?
NO, this position could not be filled using state funds in this fiscal year.
40. May we reimburse local funds for expenditures incurred?
This paragraph is referencing the ability to reimburse local and federal funds. You cannot reimburse local or federal funds from any state appropriation category. You may continue to use state funds to run the bus fleet, however, you cannot reimburse funds previously paid from local funding sources.
41. We need to hire some bus drivers now. Are they exempt from the hiring freeze?
Only those bus driver vacancies which are necessary for the operation of the bus fleet for the remainder of this fiscal year may be paid from state funds at this time.
42. At this time of year, we order stock parts for our garage, I also have a large order of tires in process right now. Can we spend funds for them?
Unless these orders are critical for the operation of the bus fleet for the remainder of this fiscal year you CANNOT order supplies and parts to have "on-hand" in the garage

or for next fiscal year's use. You may purchase MINOR parts to keep the fleet operational and safe.

43. What about fuel PRC 056 transportation? What about open purchase orders for fuel, should they be canceled?

You may purchase fuel for the operation of the bus fleet from state funds for the remainder of your instructional activities this fiscal year. You do not need to cancel open purchase orders for school bus fuel.

Travel

40. We have travel reimbursements in place for travel expenditures for the month of March. Some of them are for out of state travel. It was planned to pay the reimbursements from state funds during this week. Can we go ahead and pay?

Yes, you may reimburse travel expenditures, which were completed prior to April 9th, 2009. If someone was in "mid-travel" during this time period that is also allowed. However, no travel after April 9th, 2009 is allowed to be paid from state funds.

41. Is travel for students/chaperones who have won instructional competitions frozen (ex. Voc Ed state and regional competitions)?

Yes, these funds are frozen. You cannot use state funds to pay for these travel expenditures.

42. Can we pay travel from 032 (Exceptional Children) funds for psychologists traveling from school to school? itinerant teachers? Can the AIG coordinator be reimbursed for travel from school to school from state funds?

Only travel for teachers who are working directly with the students is allowed from state funds. In the example above: Yes, if the psychologist is meeting with a student(s), yes, if the itinerant teachers are teaching a class.

Travel for any administrative type activity is not allowed from state funds. No, the coordinator cannot have their travel paid from state funds.

43. Can state 032 (Exceptional Children) funds be used to pay travel to IEP (individual education plan) meetings for EC students after the freeze? Can state EC funds be used to pay EC program specialists travel to schools to provide support for students/staff after the freeze?

Yes, state funds may be used if direct interaction with students is involved. No, if there is any administrative activities involved, such as support for staff.

44. Travel for teachers. Is it strictly if they going to a class somewhere to teach? or is it travel associated with training and certifications for their instructional duties?

Travel directly related to the teacher's ability to carry out their instructional duties is allowed to be paid from state funds. Travel associated with training and certifications for maintaining their certification is NOT allowed from state funds.

45. Travel questions about what is instructional related and what is not?

Instructionally related travel will be allowed only for those teachers who are required to travel in order to administer direct classroom instructional activities. No administrative travel is allowed to be paid from state funds.

Vacant Positions

46. Can an LEA continue the use of tutors

An LEA may continue the use of tutors to provide direct instruction to students who are below grade level.

47. School based Bookkeepers (Treasurers) are required by state statute in the schools. Are they exempt from the hiring freeze?

These positions are NOT exempt from the hiring freeze.

NC Wise Data managers manage student data at the school level. Are they exempt from the hiring freeze?

These positions are NOT exempt from the hiring freeze

48. We want to hire a principal who will be serving in a new school next fiscal year, is this allowed?

No, you cannot use state funds to pay this person in June if they are not involved in this fiscal year's instructional. Since this person would be involved in a school the next fiscal year, they cannot be paid from state funds, if they were not hired prior to April 9th.

49. Non-instructional personnel - If they have been hired prior to April 9th but have not come to work yet, can they be paid from state funds when they begin work?

Yes, if you have made a commitment, either verbally or written. You cannot hire anyone or extend these obligations after April 9th, 2009.

50. If a head custodian is on unpaid leave, can we employ a substitute custodian? (It is an existing position, but not a vacant position.)

No, you cannot use state funds to employ a substitute custodian. This is considered a vacant position, if no one is in the position by virtue of being out on unpaid leave of absence.

We understand that we can hire classroom teachers and principals for summer school activities. How about teacher assistants and bus drivers, clerical support, curriculum coordinators, and site directors for our summer program? We have already made contracts with these folks, so to me, this would fall under prior commitment has been made (letter e, page 2). Is that how you see it?

You may not fill any vacant positions except for classroom teachers and principals in direct connection with classroom instructional activities being continued for this fiscal year.

You may also fill vacant bus driver positions if they are necessary to ensure the safety of the students for the summer school activities.

You may not fill teacher assistant positions, unless they are required by law. You may not fill instructional support positions.

Other positions such as clerical support, coordinators and directors are vacant they cannot be filled using state resources.

53. Our Local Board of Education met last night to promote their bus mechanic to Transportation Director. Can this be effective now and paid from State funds?

No vacant positions being filled or a change in positions which are not related to direct classroom instructions (teachers or principals), for this fiscal year, may be paid from state funds. This would include the appointment of finance officers.

MISCELLANEOUS

Does this apply to PSBCF money for purchase of technology by the LEA, money that has already been moved from the PSBCF into the PRC 015 account of the LEA? Can the LEA use these funds even after the 4/16 deadline has expired? (These are not funds that "will revert if unexpended.")

Yes, this does apply to funds an LEA moves from PSBCF to PRC015.

54. When the letter states that no salary adjustments may be made, does that include those situations where licensure has changed an educator's license for additional years of experience or education?

If licensure has change the years of experience or education of a certified person, the LEA must pay them at the additional step. The LEA may not change their source of funding.

55. Can salary audit exceptions be corrected if those corrections do not increase state expenditures?

Yes, we will continue processing adjustments that have a net impact on state resources of zero, or decrease state expenditures. You cannot reimburse local or federal funds with state resources, even if attempting to clear a salary audit exception.