

Year End Spending - Operational Guidance

Dear Colleagues:

The recent memo distributed on April 10, from Provost Hu and Ryan Nesbit shared [Year-End Guidance](#) from the State of Georgia Office of Planning & Budget (OPB) and the University System of Georgia (USG).

As you evaluate your spending for the remainder of the fiscal year, please begin using the following guidelines designed to facilitate UGA's ability to meet OPB's expectations. In these unprecedented times, your partnership and cooperation has been heartening, demonstrating the resolve, tenacity and creativity that will be needed to successfully navigate and overcome the fiscal challenges before us. An operational outline regarding FY20 fourth quarter spending is below and you can find additional information in the [FAQ section](#) which follows.

While the University is only required to lapse and return certain funds (10xxx and 11xxx), the expectation is that schools/colleges/units will be good stewards of **all funding sources** and defer any non-critical or non-essential spend until FY2021. *Please note the below applies to all methods of payment (PCard, petty cash, personal reimbursement, requisitions/purchase orders, and certain payment requests).*

Purchases greater than \$2,500 will require justification.

You should closely scrutinize all purchases to determine whether they are essential and **must** occur in FY20. Beginning Thursday, April 16, users entering requisitions in UGAmart will be prompted to provide FY20 purchasing justification on any UGAmart purchases with a combined total over \$2,500. The inclusion of this justification will assist your approvers in your internal, unit-level review process, as well as facilitate any external review of FY20 purchasing that may occur.

Create unit-based internal pre-review processes for PCard purchases.

Creating an internal unit review prior to purchase will help ensure that we are moving together in lockstep as an institution to defer all non-essential spending in FY20. We encourage units to communicate within their organization the need to scrutinize PCard spending for essential and critical needs.

Memberships, maintenance, service, subscription, licensing or support agreements.

For these items beginning July 1, 2020 or later, we should make every effort to defer these purchases to use FY21 funds.

Services that begin on or after July 1, 2020 (e.g., advertising, public relations, consulting, etc.).

For services beginning July 1, 2020 or later, we should make every effort to defer these purchases until FY21. If printing or advertising needs are essential, [Bulldog Print + Design](#) may be a great resource. We recommend obtaining quotes and comparing these against outside vendors. Consider digital publications, which are also offered by Bulldog Print + Design, rather than printed copies, as a cost saving measure.

Conference/Event agreements

Conference/Event agreements for events occurring after July 1, 2020 that do not require advance deposits or lead times of 45 days or more should be deferred.

Furniture & Equipment

Spending should be deferred on non-critical furniture and equipment.

Hardware

Spending should be deferred on hardware slated for routine refresh including IT, A/V, etc.

Non-critical supplies

Non-critical supplies (including office supplies), personal papers (toilet paper/paper towels), and other consumable supplies should not be purchased unless they are required for immediate use. Units should refrain from “stocking up” on these and other items as a mean of utilizing fourth quarter funds.

Copier lease/maintenance beginning July 1, 2020 or later

Spending should be deferred to FY21.

Construction/renovation/maintenance projects

Continue to work with your contacts in the Office of University Architects, Facilities Management Division (FMD), and/or Capital Budgets to determine any impacts or opportunities in these areas.

Purchases made using UGA Foundation Funds

You should closely scrutinize all purchases to determine whether they must occur in FY20. The UGA Foundation will also be reviewing any check requests over \$2,500. Units should provide clear justification as to why the purchase is needed for FY20. As previously communicated, cash carryforwards to fiscal year 2021 would generally be limited to the amount of the fiscal year 2020 spending allocation, but the UGA Foundation will consider forgoing the cash carryforward limit where appropriate. (See full letter [here](#).)

While each school, college and unit must ultimately decide what constitutes “essential spending” for the remainder of the fiscal year, please know that we stand alongside to assist and support you throughout this process. Please do not hesitate to contact us with questions, concerns or suggestions.

The Finance Division Senior Leadership Team

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Frequently Asked Questions

Q: Are any funds excluded from these non-essential spending restrictions?

A: We should make every effort to limit non-essential spending across all fund types. Restricted and sponsored activity (i.e. fund 2xxxx) considered essential and having time sensitive deliverables associated with the projects should continue with appropriate documentation to be provided with the associated purchases. The UGA Foundation will follow the protocol outlined above and will require justification for purchases made using fund 20200 and those items purchased directly through the Foundation.

Q: How can I delineate between essential and non-essential spending?

A: One useful exercise is to ask yourself what the true impact would be in deferring the charge until FY21. If the answer is not significant risk of critical and irreparable damage, then you should likely consider deferring until FY21. Another approach is to ask, "If my budget was subject to a reduction, is this something I would continue to purchase?"

Q: Should we expect an approved FY21 budget by June 1?

A: While we have not received definitive word, we should plan as though a budget will be available by June 1. We will share updates as soon as they are available.

Q: Is UGA currently under a hiring freeze?

A: As outlined in the [critical hire process](#), UGA is not under a hiring freeze, rather closely monitoring and only approving those positions considered essential and critical for hiring. This process is only for full-time, regular positions at or above \$40,000, meaning positions under \$40,000 should still be processed assuming those are deemed essential and critical for operations. On April 7, UGA released guidance on critical hire exceptions for academic leadership, research and faculty positions, which can be viewed [here](#).

Q: Is there a specific percentage (%) that I should plan on?

A: No, there is no specific guidance on a % reduction. This year-end guidance is to mitigate revenue losses given the current circumstances.

Q: Will the April 24 Budget Planning and Salary Setting (BPSS) deadline be extended?

A: We do expect to extend the April 24 deadline, but we do not yet know how far we will be able to extend. Therefore, you should continue any budget planning activity that you are able to do at this time.

Q: Will there be FY21 budget reductions?

A: As of April 20, we have not received any information on the FY21 budget. We will make every effort to share information as soon as we receive guidance.

Q: Will any FY20 unspent, lapsing funds that my unit returns to the central budget be factored into the unit's FY21 budget?

A: Your unit will be held harmless as part of this process, meaning any funds returned in FY20 will not be viewed as excess financial resources or withheld when developing FY21 budget allocations.

Q: Will any FY20 unspent, lapsing funds my unit returns to the central budget be returned in FY21, either as an additional allocation or as a “credit” to any reduction that does occur in FY21?

A: At this time, we cannot commit to any funds being returned to your unit in FY21, either in the form of an additional allocation or “credit” to any reduction which may occur in FY21. However, any one-time funds that are returned to the central budget in FY20 will help UGA address the financial challenges we are currently facing, as well as those that are likely to materialize during FY21, and also to shield the impact of these challenges on UGA’s units to the extent possible.

Q: What impacts will there be to DSS, STF and other carry forward funds?

A: Unless we receive additional direction or guidance, DSS, STF and the other carry forward funds will be handled the same as they have in the past. For example, if spending on STF decreases, we expect requests for STF carry forward.

Q: Will there be FY20 budget reductions in addition to preserving lapsable funds?

A: We have not been directed to reduce UGA’s budget by any specific amount for FY20. We have been asked to *ensure that spending during the remainder of FY20 meets the essential requirements*. For planning purposes, in the event FY20 budget reductions do occur, we expect to be able to apply any unspent, lapsable funds returned to the central budget to the reductions. Thus, if budget reductions were to materialize during FY20, any funds returned by your unit would be applied as a “credit” to any budget reduction your unit could be directed to implement during FY20. We have not received any guidance that suggests any FY20 unspent, lapsing funds can or would be applied to the FY21 budget.

TO: Vice Presidents, Deans, Department Heads, and Directors

FROM: S. Jack Hu, Provost and Senior Vice President for Academic Affairs
Ryan Nesbit, Vice President for Finance and Administration

RE: Year-End Guidance from USG and State of Georgia

Due to the COVID-19 pandemic, we are experiencing exceptional challenges in almost every aspect of our operations. As we move through the fourth quarter of this fiscal year, the State of Georgia Office of Planning & Budget (OPB) and the University System of Georgia (USG) have released a set of Fiscal Year-End 2020 instructions that require changes to the way we typically approach the fiscal year end. Both of these memos are attached for reference, and we appreciate your partnership as we work to align our actions with this guidance.

Per these instructions, we are asking all units to optimize the availability of state funds by **deferring all non-essential spending in the fourth quarter of FY 2020 until FY 2021**. This would include hiring only critically essential positions as done through the Critical Hire process, continuing to limit non-essential travel, deferring non-critical equipment purchases, and deferring non-critical maintenance, renovation, or construction projects.

- While we have not been directed to reduce our budget by any specific amount, we ask that you ensure your unit's spending during this final quarter of FY 2020 meets this expectation and **plan for your unspent state funding to be used to help mitigate the significant fiscal challenges we are currently experiencing as well as those that lie ahead**.
- State funding includes state appropriations, tuition, and other general funds (for example, in fund codes 10000, 10500, and 10600).
- Any planned one-time year-end expenditures for equipment or technology purchases, vehicles, contractual services, capital outlay, or other initiatives should be deferred until FY 2021. As an example, all state agency vehicle requests are currently being denied by OPB if they are not justified as an emergency, even if they meet the stated requirements for replacement.

Earlier this week, we notified your chief fiscal officers of the need to review and plan to provide justification for any FY 2019 (or earlier) purchase orders that remain open after this Thursday, April 9.

- As noted in these instructions from USG, we are also planning for a review from USG and OPB of all open purchase orders for FY 2020.
- While institutions have not yet been asked to provide justification for open FY 2020 purchase orders, we need to be prepared to answer questions that may arise as a part of this review.

Finally, as we move through this unprecedented environment, some of you have reached out to ask about Federal Coronavirus Relief Funds. We are working closely with UGA's Office of Government Relations, the USG Office, and OPB to determine how formal requests for reimbursement should be made and how funding will be allocated and utilized. We will provide this information once received.

Thank you for your continued partnership and tremendous efforts as we move through this challenging time. Please do not hesitate to reach out to Chris Miller or James Shore with any additional questions that you might have.

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Administrative Memos are coordinated through the Office of the Senior Vice President for Academic Affairs and Provost. For more information, contact Sam Fahmy at sfahmy@uga.edu.

From: Tracey Cook <Tracey.Cook@usg.edu>
Sent: Tuesday, April 07, 2020 11:29 AM
Subject: OPB Fiscal Year 2020 Instructions Memo

Dear CBOs:

Attached is the Office of Planning & Budget (OPB) annual Year-End instructions memo. These instructions are in line with the cautions we have been providing for weeks and the Critical Hire Process established in last year. Please review in its entirety and note the following additional information:

- **Year-End Expenditures:** Agencies are asked to optimize state funds lapse by deferring all non-essential spending in the fourth quarter of FY 2020 until FY 2021. Please ensure your institution's spending during this final quarter of FY 2020 meets this expectation. Please note that OPB is now denying vehicle requests if they are not justified as an emergency, even if they meet the stated requirements for replacement. Please ensure your Fleet Managers, Budget Offices, and Department Heads receive this information.
- **Purchase Order Review:** Institutions will be required to identify purchase orders (POs) established prior to FY 2020 to determine if there is a need to keep certain POs open or if appropriate to close. We will use the same process as last year to collect this data. Brad Freeman will send GaFirst institutions' Chief Accounting Officers the official list of open prior year purchase orders by the beginning of next week. Institutions should indicate which purchase orders may be closed and provide justification for those that should remain open. Please ensure justifications are concise yet clearly explains why a PO should remain open.
- **Spending Order Policy and Surplus Funds:** This memo section does not apply to funds that are allowed to be carried forward via legislation.
- **Federal Coronavirus Relief Funds:** This section of the memo indicates information will be forthcoming about Federal relief funds. In regards to GEMA relief funds, the USO is working with OPB to determine how formal requests for reimbursement should be made. We will provide this information once received.

Additionally, OPB asked for a list of open FY 2020 purchase orders for the entire USG. While institutions will not be asked to provide justification for open FY 2020 purchase orders at this time, institutions should be prepared to answer questions that may arise. Brad Freeman will coordinate pulling together this separate request for OPB.

Thank you for your attention to this important memo. Please don't hesitate to contact me with any questions.

Tracey



OFFICE OF PLANNING AND BUDGET

Brian P. Kemp
Governor

Kelly Farr
Director

April 2, 2020

MEMORANDUM

TO: Agency Heads and Fiscal Officers
FROM: Kelly Farr *kf*
RE: Fiscal Year 2020 Fourth Quarter Spending

Our state and national efforts to contain the spread of coronavirus are expected to result in temporary disruptions to our economic markets during these last few months of the fiscal year. OPB will be monitoring revenues closely, but it is essential that all state agencies work together to close the year in good fiscal order. We will be working with agencies to identify opportunities to maximize agency surplus in order to ensure we maintain a healthy Revenue Shortfall Reserve fund level through this temporary disruption.

Year End Expenditures

Agencies should prioritize fourth-quarter expenditures to optimize funds available for surplus at fiscal year-end. In some cases, OPB has identified planned year end spend that agencies should withhold and plan to lapse. OPB will communicate those items to you. Any planned one-time year end expenditures for equipment or technology purchases, vehicles, contractual services, capital outlay or other initiatives should be deferred until FY 2021. Agencies with one-time emergency needs should contact their OPB analyst to discuss the spending need.

Purchase Order Review

OPB and the State Accounting Office again will work with agencies to identify purchase orders (PO) established prior to FY 2020 with little to no recent activity in order to determine any need to keep certain purchase orders open, or where appropriate, to close remaining purchase orders and remit the funds to Treasury. Agencies should aggressively work to close out aging purchase orders with small amounts remaining or with older unspent funds. Such closures would not prohibit an agency from opening a new PO with the same vendor in FY 2021.

Fiscal Affairs

OPB is working with the Governor's Office to schedule a meeting of the Fiscal Affairs Subcommittee for June. Please review the status of your budgets to determine any need for state funds transfers affecting Fiscal Year 2020 and Fiscal Year 2021. Requests for transfers should be limited to issues unforeseen during consideration of the Amended Budget and that are necessary in maintaining budgetary compliance at fiscal year-end. Please work closely with your analyst and division director to identify any potential concerns early so that we may be proactive

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in evaluating the need for Fiscal Affairs. Transfers for FY 2021 should be limited to emergency needs only. State funds transfers that are not absolutely necessary may be submitted as an Amended Fiscal Year 2021 budget request.

For your convenience, please use the enclosed forms to make your requests. Agencies requiring a transfer to be considered by the Subcommittee must submit their request to their OPB analyst by Friday, May 15.

Spending Order Policy and Surplus Funds

Under joint OPB-SAO policy 4-9-1, agencies must spend retained other-fund revenues in the year in which they are earned. Retained revenues not spent prior to year-end will lapse unless an agency submits a letter to OPB requesting to reserve those funds. Agencies must request to reserve any and all state and other funds that it expects to retain for use in future years, including those requested in prior fiscal years with remaining balances.

Funds appropriated in the amended appropriations act for specific initiatives should be either fully expensed or encumbered prior to year-end. *Agencies should not plan on reserving state funds they were unable to spend or encumber during the fiscal year.*

Any surplus state or other funds not previously reported in the FY 2019 Budgetary Compliance Report should be remitted to Treasury no later than June 30 using account code 390109, Adjustments to Fund Balance – Early Surplus Returned to OST. If funds are available in your allotment balance account at Treasury, agencies should use the ARIS system and click the “Return of Surplus” button to remit payment. If funds are not available in your allotment account, please contact Lisa Hoover or Donna Bowman at the Office of the State Treasurer, accounting@treasury.ga.gov, to make arrangements to send the funds.

Federal Coronavirus Relief Funds

Congress has passed three separate measures to provide economic relief and financial assistance to governments, businesses, and individuals in responding to the spread of COVID-19. OPB is working closely with our representative organizations and federal partners to determine the allowable uses of the funds, process for disbursement, and federal auditing and reporting requirements. OPB will be reaching out to each of your agencies who may receive one of these funding streams to discuss spending plans and reporting. Please be sure to remain in close communication with your division directors as you receive further guidance from your federal partners on these additional sources of funding.

Thank you for your continued leadership and commitment to strong fiscal stewardship as we manage through this current state of emergency.

KF/sb

Cc: Lynne Riley, State Treasurer
Alan Skelton, State Accounting Officer