

Budget Principles and Processes

College of Physical and Mathematical Sciences

This document establishes budget principles and processes for the College of Physical and Mathematical Sciences. While processes may need modification in times of financial crisis, the College expects under normal circumstances to adhere to the guidelines listed below in making departmental budget allocations.

A. Budget Principles

- 1. Core Value:** The strategic vision of the College and its departments reflects a commitment to core educational responsibilities (as defined by the [Mission Statement](#)). State budget allocations to departments and other units will reflect the commitment to these responsibilities.
- 2. Budget Clarity:** The Dean will provide departments with comprehensive information on university and college state and non-state funding as well as information concerning their individual departmental budgets. Reasons for changes in departmental allocations will be made explicit to departments.
- 3. Budget Flexibility:** The College will seek to provide departments and other units with the financial flexibility to: (i) pursue the unit's strategic goals, (ii) respond to routine internal budget needs and (iii) help address department start-up and matching responsibilities. Sources of potential flexibility are indicated with an asterisk (*) below.
- 4. Authorized Budgets:** The College and its departments and other units are required to operate within their respective authorized budgets.
- 5. Baseline Budgeting Principles:** The college's first budget priority will be to provide sufficient resources to departments to allow them to meet core educational responsibilities. Peer benchmarks and other data will be used to establish department-specific baseline budgets.
- 6. Budget Expansion, Reallocation and Reduction Principles**
 - a. Budget expansions and reallocations will be directed towards accomplishing the college's strategic goals.
 - b. To the extent possible, the College will strive to be responsive to unexpected opportunities that arise.
 - c. The College will implement any required reductions by targeting cuts that are consistent with the strategic goals.

B. Budget Processes

1. Budget Requests

- a. Except in the categories listed below, requests for state appropriated resources should be submitted to the Dean by the appropriate unit head (Department Head, Chair, Center Director, Executive Director of the Office of Development and College Relations or Associate Dean).
- b. Proposals for matching funds and other non-continuing funds (excluding start-up funds) to support research should be submitted to the College through the Associate Dean for Research. Requests must be endorsed by each unit head whose faculty members are participating in the proposal, prior to any commitment being made by the College. The College will require the financial plan for meeting the matching obligations to be identified prior to final approval.
- c. Proposals for ETF funds should be submitted to the College by the unit head through the Associate Dean for Academic Affairs.
- d. Other requests for resources from university-level offices must be submitted to the dean's office by the appropriate unit head. Individual faculty may not submit requests to university-level offices for resources unless solicited by the University.

2. **Facility Modification Requests:** The college point of contact for all facility modification requests is the Associate Dean for Administration.

3. Appointment and Offer Letters

- a. [Offer letters](#) to [tenure-track faculty](#), to [faculty of special rank](#) (excluding adjuncts and visitors), and to [EPA non-faculty employees](#) who are on at will or multi-year appointments (excluding post-docs and graduate students) must be approved in writing by the Dean.
- b. Offer letters to tenure track faculty will spell out all start-up commitments and the timetable for payout of the commitments. At the time the offer letter is being generated, or earlier, the Department Head or Chair will prepare a spreadsheet describing the sources of the start-up funds and describing how space and upfit issues, if any, will be addressed. College agreement will be indicated by signature of the Dean on the official offer letter and on the start-up spreadsheet.
- c. Fixed-term offer letters for faculty of special rank, EPA non-faculty employees, post-docs and graduate students will include a "contingent on the availability of funds" clause.
- d. Once signed by the candidate, offer letters for all personnel should be retained in the Department or unit office. A copy of each signed offer letter (except those for graduate students) should be sent to the college business office for college record keeping.

4. Vacant *State Funded* Positions, Excluding Phased Retirements

- a. Tenured/Tenure Track Faculty Positions
 - i. All tenured/tenure track faculty positions that become vacant will be returned to the Department at the assistant professor rank.
 - ii. In order to help address start-up commitments and other commitments, positions will normally remain vacant for a period of at least one year following the vacancy.
 - iii. The Department Head or Chair must submit to the Dean a hiring plan for refilling the position (prior to the formal initiation of a search) or a plan for alternative uses of the funds (prior to the commitment of the funds).* The plan should be consistent with the department's strategic vision and goals. Departments are encouraged to work together to develop plans that span across units.
 - iv. For the duration of the vacancy, the Department will be provided with funds (pro-rated for mid-year vacancies) equivalent to the average initial academic year salary and fringe benefits of a new assistant professor. The Department will be expected to cover the teaching responsibilities of the departing faculty member from these funds.
 - v. The balance of the salary and fringe benefits, above the assistant professor level, will be retained by the College and will be directed, to the extent possible, toward achieving the strategic goals of the College.
- b. Teaching Assistant Professor, Teaching Associate Professor, Teaching Professor, Lecturer, and Senior Lecturer Positions
 - i. Positions funded from the base departmental budget that become vacant will be returned to the Department at the entry rank (teaching assistant professor or lecturer rank as appropriate).
 - ii. The Department Head or Chair must submit to the Dean a plan for refilling the position (prior to the formal initiation of a search) or a plan for alternative uses of the funds (prior to the commitment of the funds).*
 - iii. For the duration of the vacancy, the Department will be provided with funds (pro-rated for mid-year vacancies) equivalent to the average initial academic year salary and fringe benefits of the entry rank (teaching assistant professor or lecturer) position. The Department will be expected to cover the teaching responsibilities of the departing faculty member from these funds.
 - iv. The balance of the salary and fringe benefits, above the teaching assistant professor or lecturer level, will be retained by the College and will be directed, to the extent possible, toward achieving the strategic goals of the College.
- c. "Permanent" SPA Positions and EPA Non-faculty Positions (Excluding Post-Docs and Graduate Students)

- i. Salary and benefits from all departmental positions that become vacant will be returned to the Department.
- ii. Prior to the commitment of the funds, the Department Head or Chair must submit to the Dean a hiring plan for refilling the position or a plan for alternative uses of the funds.*
- iii. Decisions regarding replacement and salary and benefits associated with vacancies in all non-departmental units will be considered by the Dean on a case by case basis.

5. Entry into Phased Retirement

- a. The NC State Phased Retirement Program allows a tenured faculty member who meets certain criteria to retire from full-time employment at the University and change to half-time employment status for three years. Such employment consists of a half-time workload and half-time salary, the latter of which is based on the salary during the final year of full-time service. For further information, see <http://www.ncsu.edu/policies/employment/retirement/REG05.57.01.php>.
- b. The Department will retain the salary and fringe benefits needed to fulfill the obligations to the faculty member who is participating in the Phased Retirement Program. For the entire time period of the faculty member's participation in the Phased Retirement Program, the Department will also retain an additional one-half of the average initial academic year salary and fringe benefits of a new assistant professor.*
- c. The balance of the salary and fringe benefits will be retained by the College and will be directed, to the extent possible, toward achieving the strategic goals of the College.
- d. The Department will be expected to cover the usual teaching responsibilities of all faculty who enter the Phased Retirement Program.

6. Completion of Phased Retirement

- a. Upon completion of the Phased Retirement Program, the faculty position will be returned to the Department at the assistant professor level and may be refilled immediately.
- b. The Department Head or Chair must submit to the Dean a hiring plan for refilling the position (prior to the formal initiation of a search) or a plan for alternative uses of the funds (prior to the commitment of the funds).*
- c. The Department will be provided with funds (pro-rated for mid-year vacancies) equivalent to the average initial academic year salary and fringe benefits of a new assistant professor for the duration of any vacancy. The Department will be expected to cover the usual teaching responsibilities of the departing faculty member from these funds.
- d. The balance of the salary and fringe benefits, if any, will be retained by the College and will be directed, to the extent possible, toward achieving the strategic goals of the College.

7. Paid or Unpaid Leave, Release Time

- a. When an employee is on approved leave from the University with partial or no pay, lapsed salary and benefits will remain in the Department.* The funds can be used for one-time activities, but cannot be committed to fund any activity, program or position on a continuing basis.
- b. Release time generated by faculty or staff from external sources will be retained by the Department.*
- c. Departments will be expected to use existing departmental resources to cover the responsibilities of all employees who are on paid or unpaid leave or who have been given release time from a course assignment.

8. Transitions Between Faculty Status and Administrative Status

- a. Administrative Positions Within a Department:
 - i. Any additional salary and benefits for a faculty member moving within the Department to a head or chair position will be provided to the Department by the College. These funds will return to the College upon completion of the appointment.
 - ii. In all other cases, the Department will be expected to use existing departmental funds to cover the additional salary and benefits for a faculty member who moves into an administrative position (except head or chair) within the Department.
- b. Administrative positions outside of a department will be handled on a case by case basis.
- c. Return to Faculty Status in a Department: An agreement will be established for the return of the salary and benefits to the Department when a faculty member returns to faculty status after serving in an administrative capacity outside of the Department. Such an agreement should be in place at the time the faculty member moves into the administrative position.

9. Annual and/or Bonus Leave Payout

- a. Annual leave balances and payout responsibilities move with an employee when the employee moves to another unit.
- b. The current department of hire is responsible for any annual leave payout costs owed to a separating employee or to an employee moving from a fiscal-year appointment to an academic-year appointment within the same unit. In accordance with state policies, prior departments/units have no obligation to assist with annual leave payout obligations although cost-sharing agreements may well be negotiated at the time of transfer.
- c. Annual leave payouts for college-level appointments will be paid centrally by the College commensurate with the leave accrued by the employee while working in the college-level position.

10. Counter-Offers: Counter-offers, when made, are paid from existing funds at the department level, or where feasible, from the salary raise pool, with a possible contribution from the College and/or the Provost. All requests for matching funds must be submitted, in writing, by the Department Head or Chair to the Dean.

Requests for matching should be accompanied by an offer letter from the competing institution or agency (or similar evidence) to justify the request and a memo that includes:

- a. justification for request and quality of the program to which the individual is seeking to move
- b. amount of one-time and/or continuing funds by account and anticipated effective date.

11. Guidelines for Start-up Funds (Including Summer Salary), Renovation Funds and Matching Funds

- a. Start-up Funds
 - i. Start-up funds represent a significant burden for departments and the College. Startup packages, including associated renovations, for junior faculty will generally be the responsibility of the College and departments. The start-up packages for junior faculty will be split as follows: 1/3 from the Department and 2/3 from the College.
 - ii. When senior faculty are hired, start-up requirements that exceed the usual cost of a junior faculty member may require separate negotiation. In those cases, the College will work directly with the Department in developing a plan for seeking resources from central administration as well as from other potential sources. These situations will be handled on a case by case basis.
 - iii. Requirements for laboratory renovations, and requirements for space and resources outside the College, must be addressed prior to making offers to faculty candidates. Agreements on how these requirements will be satisfied should be summarized in the memorandum to the Dean described in Section B.3.b.
 - iv. Departments will be expected to use existing departmental resources to cover the teaching responsibilities associated with the reduced teaching loads of new faculty.
- b. Proposals for Matching Requests
 - i. Cash matching requests will be considered by the College only if matching requirements are explicitly specified by the agency in the proposal criteria. In such cases, the College will attempt to maximize the contribution from outside sources provided that such efforts do not adversely impact higher college priorities.
 - ii. In cases of large cash match requirements, it is expected that the central administration will contribute significantly toward the match. Faculty must first take advantage of their unrestricted start-up funds to satisfy cash matching requests.
 - iii. Departments and the College must utilize TA stipends, graduate student tuition, release time, staff support, ETF funds and other support to help satisfy matching requirements.
 - iv. After contributions obtained from outside sources, non-F&A sources, and from start-up funds (if applicable), the remaining

required matches will be split 50/50 between departments and the College.

- v. For grants or contracts that span across departments, the relative share for each departmental match will be directly proportional to its relative share of the F&A to be generated on the contract or grant. The same principle is expected to apply for shares between colleges.

12. F&A Returns to the College: The College will distribute base allocations of F&A in the following manner.

- a. The balance of the base allocation will be shared 50/50 between the departments and the College after the deduction of the cost for college space rental charges, staff salaries paid from F&A required to support college grants and contract functions, and direct allocations to centers supported by the College.
- b. The relative share of F&A distributed to each department will be in proportion to the amount generated by the Department during the period for which the base allocation was determined.*

13. Proposals for Industrial and Private Support and Special Government Appropriations

- a. Departments are encouraged to work closely with the PAMS Development Office to explore opportunities for building additional sources of funding. First priority will be directed towards objectives that have been previously identified and approved at the college level.
- b. Proposals and solicitations, whether verbal or written, must be coordinated through either the PAMS research office or the PAMS Development Office. Proposals for research projects with specific deliverables will be initiated through the PAMS Research Office. Proposals for all other non-governmental funds, including requests for unrestricted research support, will be initiated through the PAMS Development Office. Both offices will work together to ensure that any proposal submitted is fully in conformity with university policies and regulations, and with the sponsor's guidelines.
- c. Departments are encouraged to work closely with the Associate Dean for External Affairs to explore opportunities for developing proposals for special government appropriations.

14. Reimbursement Policy: The College will not authorize payment or provide reimbursement from any source for alcoholic beverages served at departmental events that are attended by students except with prior written approval from the Dean.

* indicates potential sources of budget flexibility for units (see A.4).