



THE UNIVERSITY OF NORTH CAROLINA SYSTEM

Memorandum

To: Chancellors
From: Peter Hans, President
Date: August 13, 2020
Subject: Financial and Operational Management Guidance

I appreciate all you are doing to manage through these unprecedented times and ensuring a safe return to on-campus operations for our students, faculty and staff. Delivering our mission of teaching, research and service has never been more important. It is also important that through these difficult times we preserve our ability to deliver for generations to come. To that end, I write to you to emphasize the importance of the financial management of the University.

The financial position of the University continues to be dynamic and dependent on several factors, many of which are currently unknown. As we await key information related to state revenues, possible federal stimulus funding, and final enrollment numbers, it is important and prudent that we continuously manage through this uncertainty. While more information will become available in the coming weeks and months, we can expect a prolonged negative impact to many of the revenue streams that support University operations. Given this reality, I encourage and expect you to continue to manage your campus expenses and operations carefully and plan for the future. In the immediate term, I ask that you devote particular attention to the following areas.

Auxiliary Enterprises

The most immediate financial impact of our modified operations is on auxiliary enterprises (housing, dining, bookstore, athletics, etc.). It is important that you have a good handle on the status of these operations, their financial health, and contingency plans that may be necessary should there be further modifications to your campus operating status. I expect each of you to be conducting financial analysis for these operations that include the discrete impact to the specific auxiliary and also the impact that auxiliary has on the campus as a whole. We will be working with your CFOs to ensure we have adequate system-level visibility on the fiscal position of your auxiliaries.

Personnel Actions – Hiring and Salary Changes (increases and retention packages)

Utilize the authorities currently granted to you to make necessary salary changes and retention offers for only the most critical (including COVID response related) positions on your campus. In the immediate term, do not expect that requests that exceed campus thresholds and are forwarded to the System Office for consideration to be approved. Further, it is expected that only the most critical vacant positions will be filled. I expect these to be very few in number. You also should be mindful of the impact these decisions may have in the event there is further erosion in the financial health of your campus and be prepared for that outcome.

Also, as a reminder, the authorities granted to you for temporary emergency furloughs for non-faculty employees, temporary salary reductions for EHRA non-faculty employees, and reductions in force (RIF) due to COVID-19 remain in effect.

Non-personnel Expenses

Operating expenses should be managed carefully with particular focus on non-COVID related expenses. You should be experiencing natural expense reductions related to non-COVID travel supplies, and other purchases that are associated with modified on-campus operations. These savings will be important to capture as you have COVID related, non-recurring personnel and non-personnel expense increases. Focused attention on this area can yield more savings that will be beneficial both short and long term.

Capital Construction

Capital construction projects should be scrutinized and only those that are most critical to campus operations and/or have funding provided from a source external to the campus (state appropriations, donations, grants, etc.) should proceed.

We will continue to work with you and your leadership teams to navigate these times. If you have any questions, please contact Jonathan Pruitt jpruitt@northcarolina.edu or Jennifer Haygood jhaygood@northcarolina.edu . Thank you again for all of the important work you are doing.

cc: UNC System Office Leadership Team
Chiefs of Staff
Chief Financial Officers
Chief Human Resource Officers
Chief Academic Officers
General Counsels