Budget Principles and Processes  
College of Agriculture and Life Sciences  

This document establishes budget principles and processes for the College of Agriculture and Life Sciences. The College expects under normal circumstances to adhere to the guidelines listed below in making budget allocations to departments and units.

I. Budget Principles

A. Core Values

The mission of the College: The College of Agriculture and Life Sciences at NC State leads partnership-driven discovery, learning, and engagement. We prepare students, create and apply unbiased knowledge through advances in science and technology and drive economic development to improve the quality of life in North Carolina, our nation and the world. We fulfill the land-grant mission by embracing an interdisciplinary approach to achieve new scientific breakthroughs that translate into discoveries and meet grand challenges involving food, farming, fiber, feed, families, health, energy, water and the environment.

B. Goals

The goals of the college budget management process are to make the budget process transparent to the college administrative team, faculty, and staff; to make timely decisions on priorities shared across functions; and to provide effective oversight for the college’s three budget lines (Academics, Extension, and Research).

C. Budget Transparency

One of the objectives of the budget principles adopted by the College is to provide transparency for the budget and the budget management process. The annual budget by fund code and quarterly update on expenditures will be posted on the College website. Annually, reports on (i) variety royalties by departments and (ii) indirect costs for the College and allocations to departments will be posted on the College website.

D. 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 faculty start-up and matching responsibilities. This principle is balanced by the reality of state and federal appropriations.

E. Authorized Budgets

The College, each department and all other affiliated units are required to operate within their respective authorized budgets. These budgets are comprised of both state and federally appropriated funds with each having their individual spending guidelines. Due to the different allowability of expenses across funding types, an “underspend” in one type of funding cannot be used to offset an “overspend” in another. The expectation will
be that, through collaboration among departmental and CBO staff, each department/unit will stay within the budget of each appropriated project under their control. Failure to stay within allocated budgets will not only prevent the College from making important strategic investments, but may result in loss of departmental spending privileges.

F. Baseline Budgeting

The College’s first budget priority will be to provide sufficient resources to departments to meet core responsibilities.

G. Budget Expansion, Reallocation, and Reduction Principles

1. Budget expansions and reallocations will be directed toward accomplishing the College’s strategic goals.
2. To the extent possible, the College will strive to be responsive to unexpected opportunities that arise.
3. The College will implement any required reductions by targeting cuts that are consistent with the strategic goals.

II. College-level Budget Processes

A. Each Director (Academics, Extension, Research) will prepare an annual draft budget using a standard format and submit it for approval to the Dean with copy to the College Business Office. The deadline for submission is subject to change each year dependent on the status of the state budget, but typically would fall on September 1.

B. The draft budget for each function will be reviewed by all Directors and discussed for issues and clarification by the Dean, Directors, and College Business Office.

C. The approved draft budget will be shared with the Department Heads for review and discussion.

D. The final budget will be posted on the College website. The budget will be detailed at the fund, OUC, and expense code (salary/operating) level. Faculty and Heads will be notified of the budgets being posted on the website.

E. The Dean will meet with the Directors after the six-month report as well as one month before the budget year ends to review the status of budgets.

III. Department-level Budget Processes

A. Budget Requests

1. Except in the categories listed below, requests for state and federal appropriated resources must be submitted to the appropriate Director(s) through the applicable Department Head or Center/Unit Director as funding needs arise.
2. Proposals for matching funds and other non-continuing funds (excluding faculty start-up funds) to support grant applications must be submitted to the College through the appropriate Associate Dean. Requests must be endorsed by each unit head whose faculty members are participating in the proposal before any commitment will be made by the College. The College will require a financial plan for meeting the
matching obligations to be agreed upon prior to final approval. Departments will generally be expected to contribute toward matching funds, and will be handled on a case-by-case basis during the collaboration process.

3. Other requests for resources from university-level offices must be submitted to the Dean or responsible Director (e.g. ORIED—Research, Graduate School—Academics, Facilities—Administration, etc.) by the appropriate unit head. Individual faculty or unit heads may not submit requests to university-level offices for resources unless solicited directly by the College or University.

B. Facility Renovation Requests
The College should maintain a prioritized list of major facility needs and facility renovation requests. The list will help inform decision making whenever additional unanticipated funding is identified that may be allocated to facility needs. The College’s point of contact for all facility modification requests is the Senior Associate Dean for Administration.

C. Appointment and Offer Letters
All offer letters of any kind must follow the prescribed format and adhere to all related CALS Personnel policies and procedures. Offer letters that include financial commitments in addition to salary (e.g. start-up) must also include a startup template that provides the amount allocated each fiscal year. It is recommended that the sum of a faculty member’s start-up constitute not more than three years of funding, even though the actual allocation of those funds may occur over four fiscal years because of timing. Each year’s annual allocation will not carry over at the end of the fiscal year. Allocations should not extend beyond four years from hire date. Offer letters for faculty with a 15% research appointment or greater shall articulate the expectation that a Hatch project must be submitted to the USDA within six months of hire.

D. Vacant State and Federal Funded Positions, Excluding Phased Retirements

1. Tenured/Tenure Track, and Non Tenure Track Faculty Positions (T/TT/NTT) with Professorial Rank
   a) Requests for new or authorization to fill existing Tenured/Tenure Track positions must follow the college faculty position request process outlined in Appendix A. Off-cycle requests may be considered in rare circumstances. In those cases, a Department Head may submit such a request to the Directors for endorsement prior to submitting to the Dean for approval. Center Directors should include Department Heads in the process of submitting any position requests; although Department Head consent is not required for submission. All approved positions will be funded at a rate commensurate with the discipline and rank.
   b) Requests to refill vacant NTT positions will be considered as they arise. Applicable NTT positions include faculty with the following academic rank: Professor (Teaching, Research, or Extension), Associate Professor (Teaching, Research or Extension) and Assistant Professor (Teaching, Research or Extension). A Department Head should submit such a request to the Directors for endorsement prior to submitting to the Dean for approval. Center Directors should include Department Heads in the process of submitting any position requests; although Department Head consent is not required for submission.
c) Funds from salary and benefit lines of vacated positions will be immediately returned to the funding Director(s) account. The Department will be provided with funds (pro-rated for mid-year vacancies) necessary to backfill the teaching responsibilities of the prior incumbent in the first year of vacancy. Departments will be responsible for covering teaching responsibilities in future years.

(1) 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.

(2) Positions assigned to the Plants for Human Health Institute at Kannapolis will remain in the Institute’s budget to meet state spending requirements but will continue to follow the position request process articulated in III.D.1). This exception is subject to change if spending requirements at the Kannapolis campus are modified by the state or funding levels exceed the state requirement.

(3) Positions funded by Distance Education funds will be separately accounted for, and such salary budgets will remain with the department. Any request to refill a position funded by distance education, in whole or in part, must follow the position request process articulated in III.D.1).

d) The funding Directors are responsible for planning for and reserving sufficient funds to pay for any budget reductions that apply to the entire T/TT/NTT faculty salary budget.

e) The Departments are responsible for budgeting for overload and/or any other additional pay.

f) Raises and other salary adjustments will be given collaboratively by the Department Head with consultation and approval by the funding Director(s).

g) Salary released as a consequence of grant or other external funding will remain with the Department or Center for the duration of the release time.

h) The funding Directors are responsible for any annual leave payout costs owed to a faculty member moving from a fiscal-year appointment to an academic-year appointment within the same unit. Department Heads shall confer with the funding Directors to discuss the possibility of associated faculty contract changes prior to any conversion.

2. *Permanent SHRA positions*

a) Salary and fringe benefit funds from these departmental positions that become vacant will remain in the Department to be utilized at the department’s discretion to meet staffing needs.

b) Departments are responsible for planning for and reserving sufficient funds to pay any required annual longevity payments to eligible SHRA employees per University policy.

c) Departments are responsible for planning for and reserving sufficient funds to pay for all benefits on any source other than Academic Programs (16030).
(1) Any new position funded initially by a Director will be budgeted at the salary reference rate and a benefits rate computed using the University Budget Office’s benefits calculation template for TSERS participants. All future benefits changes are a departmental responsibility.

d) Departments are responsible for budgeting for in-range, promotional, and/or classification change salary increases, overtime payments, and/or any other additional pay.

e) Annual leave balances and payout responsibilities move with an employee when the employee moves to another unit.

f) The current department of hire is responsible for any annual leave payout costs owed to an SHRA employee. In accordance with state policies, prior departments/units have no obligation to assist with annual leave payout obligations although cost-sharing agreements may be negotiated at the time of transfer.

3. **EHRA Non-Professorial (EHRA-NP)**

   a) When a vacancy arises, the Department shall confer with the funding Director to ensure that the position is rehired in a strategic area.

   b) Salary and fringe benefit funds during the time of vacancy will remain in the Department to be utilized for strategic one-time priorities upon consultation with the funding Director.

   c) Departments are responsible for planning for and reserving sufficient funds to pay for all benefits on any source other than Academic Programs (16030).

   (1) Any new position funded initially by a Director will be budgeted at the salary reference rate and a benefits rate computed using the University Budget Office’s benefits calculation template for TSERS participants. All future benefits changes are a departmental responsibility.

   d) Departments are responsible for budgeting for in-range, promotional, and/or classification change salary increases, overtime payments, and/or any other additional pay.

   e) When an EHRA-NP position in an administrative office (e.g. Advancement, CALS IT, Communications, Personnel, Business Office) becomes vacant, the Unit Director must inform the Directors and discuss future intentions. Funds may revert to Director control.

   f) Annual leave balances and payout responsibilities move with an employee when the employee moves to another unit.

E. **Phased Retirement**

1. 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 up to 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. A faculty member is only eligible to enter phased retirement upon vacating an administrative or EHRA professional position. For further information, see: [http://www.ncsu.edu/policies/employment/retirement/REG05.57.01.php](http://www.ncsu.edu/policies/employment/retirement/REG05.57.01.php).
2. When a tenured faculty member is accepted into the Phased Retirement Program:
   a) The faculty salary pool will retain 50% of the annual salary and benefits for the position as allocated from the funding sources in effect at the time of entering the Program to fulfill the obligation to the participating faculty member;
   b) The Department will retain an additional 25% of the annual salary and benefits as allocated from the funding sources in effect at the time of entering the Program. These funds will revert back to the appropriate Director’s budget at the end of the faculty member’s participation in the Program. [see III.E.3.b)]; and
   c) The balance of the salary and benefits (25%) will be returned to the Appropriate Director’s account and will be directed, to the extent possible, toward achieving the College’s strategic goals.

3. Upon completion of phased retirement:
   a) The faculty position will be returned to the appropriate Director’s account and a Department may request filling it per guidelines outlined in III.D.1.) and,
   b) The 50% salary and fringe benefits of the participating faculty member [III.E.2.a)] and the 25% allocation [III.E.2.b)] will be returned to the appropriate Director’s account and will be directed, to the extent possible, toward achieving the College’s strategic goals.

4. The Department is expected to cover the usual teaching, research, and/or extension responsibilities of all faculty who enter the Phased Retirement Program.

F. Paid or Unpaid Leave, Release Time

1. When an employee (faculty or non-faculty) is on approved leave from the University with partial or no pay, lapsed salary will remain in the Department or Center. The funds can be used for one-time activities, but cannot be committed to fund any activity, program or position on a continuing basis.

2. Release time generated by faculty or staff from external sources will be retained by the Department or Center.

3. Departments and Centers 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.

G. Transitions between Faculty Status and Administrative Status

1. Administrative Positions within a Department:
   a) Any additional salary and benefits for a faculty member moving within the Department to the Head position will be fully funded within the faculty salary pool.
   b) 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 (other than Head) within the Department. Any proposed supplement for such an appointment must be submitted to the Dean in advance for approval.

2. Administrative positions outside of a department will be handled on a case by case basis.
3. Return to Faculty Status in a Department: The College will be responsible for ensuring the faculty salary pool is fully funded when a faculty member returns to faculty status after serving in an administrative capacity outside of the Department.

H. Counter-Offers

1. Funding counter-offers for faculty positions, when made, are typically negotiated among the Department, College, and Provost. There is an expectation that departments will share in the costs with the College, regardless of Provost and upper administrative support.
   a) All requests for non-departmental funds must be submitted, in writing, by the Department Head to the Dean with copies to the Senior Associate Dean for Administration.
   b) The Dean and/or Associate Deans will negotiate with the Provost concerning any University contribution. Departments shall not negotiate with the Provost directly without being asked to do so by the College.

2. Counter offers for EHRA Non-Professorial are typically handled by the department. However, any EHRA-NP counter offer that would require Board of Governor’s approval must first be submitted in writing by the Department Head to the Dean with a copy to the Senior Associate Dean for Administration.

3. Requests for non-departmental funds should be accompanied by:
   a) An offer letter (or similar evidence) from the competing institution or agency to justify the request; and
   b) A memo that includes justification for request and quality of the program to which the individual is seeking to move, and the specific amount of one-time and/or continuing funds by account and anticipated effective date.

I. Guidelines for Start-up Funds

1. Generally, start-up packages for faculty will be funded by the College and/or Provost. Any expected departmental contribution will be negotiated at the time of releasing the position to the department.

2. Requirements for laboratory renovations, and requirements for space and resources outside the College, must be addressed by the Department prior to making offers to faculty candidates.

3. Departments are expected to use existing departmental resources to cover teaching responsibilities associated with reduced teaching loads of new faculty.

J. F&A Returns to the College

The College will distribute base allocations of F&A in the following manner:

1. 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, offset by penalties and allocations for best interest of the college, medical surveillance, chemical waste disposal, and the college equipment fund.
a) Departments should be cognizant of the need to support expenditures that are unallowable on grant funds with returned F&A; however, any further F&A splits among PIs and Co-PIs are at the discretion of the department head. Requests to split F&A on a specific grant must be submitted in writing to the lead PI’s department head. Because interdisciplinary research is a high priority goal of the college, it is expected that departments will incentivize such activities and provide a fair distribution of returned F&A to collaborators.

2. The University deducts a number of charges (e.g., University attending veterinarian, high performance computing and medical surveillance) prior to computing the CALS allocation of F&A costs.

3. The remaining base allocation will be split 50/50 between the departments and the College unless reduced by the Dean for strategic investments in research activities.

K. Royalty Returns to the College
All royalties returned to the College will be split 50/50 between the departments and the College unless reduced by the Dean for strategic investments in research activities.

1. Royalties that flow directly to the PI or retained by the Office of Technology Transfer (OTT) are unaffected.

L. Budget Reductions
The Dean and funding Directors shall have the discretion to determine how department budget reduction targets are calculated. Budget reductions may generally be computed across the board adjusted for any exceptions made for strategic purposes. Final computations and methods used will be provided with explanation to all Department Heads and Administrative Unit Leaders.