

## **Expenditure Benchmarks for the President and Special Responsibility Constituent Institutions**

### **ISSUE OVERVIEW**

The Board of Governors has the authority under G.S. 116-31.10 to approve expenditure benchmarks of up to \$500,000 for UNC System constituent institutions. In April 2014, the Board of Governors reviewed and revised these benchmarks (attached) and authorized the president of the UNC System to approve purchases for Tier 2 and Tier 3 constituent institutions in amounts between their benchmarks and \$500,000. However, until recently, G.S. 116-31.10 did not explicitly provide the Board of Governors with the authority to set an expenditure benchmark for the president of up to \$500,000. Revisions to G.S. 116-31.10, which became law in March 2017 through passage of Session Law 2017-68, authorize the Board of Governors to establish a threshold expenditure benchmark of up to \$500,000 for the president of the UNC System.

Applying the recommended tiers, which are based upon actual General Fund expenditures for FY20 to the UNC System Office, the System Office would have a \$100,000 threshold (Tier 3) to be exercised by the president of the UNC System or his designee. The president of the UNC System would maintain authority to approve expenditures for Tier 2 and Tier 3 entities up to \$500,000. The update to the expenditure threshold will allow for increased efficiencies and savings when executing higher value, System-wide contracts that leverage the buying power of the System.

The North Carolina Division of Purchase and Contract completed a satisfactory compliance review of the UNC System Office in June 2018.

Utilizing the recommended Tiers would also transition N.C. A&T State University from Tier 2 to Tier 1. The transition into Tier 1 will allow greater efficiencies when awarding higher value contracts that are more common with Tier 1 constituent institutions.

### **RECOMMENDATION**

It is recommended that the Board of Governors approve this request to establish a \$100,000, Tier 3 purchasing threshold for the UNC System Office while maintaining the president's authority to approve purchasing expenditures for all Tier 2 and Tier 3 institutions, including the president of the UNC System up to \$500,000. It is also recommended that the Board of Governors approve the transition of N.C. A&T State University from Tier 2 to Tier 1, which will raise the university's expenditure threshold from \$250,000 to \$500,000.

APPENDIX C

The University of North Carolina  
Potential Authorized Purchasing Benchmarks

Current Delegation						Proposed Delegation				
Tier	Institution	Authorized Benchmark	Effective Date	Presidential Approval Required	P&C Approval Required	Tier	Benchmark Without Pre-Approval	Change from Current Benchmark	Presidential Approval Required	P&C Approval Required
Tier 1 GF > \$175M	NC State	\$500,000	1-Jul-15	N/A	> \$500,000	Tier 1 GF > \$180M	\$500,000	N/C	N/A	> \$500,000
	UNC-CH	\$500,000	1-Jul-15	N/A	> \$500,000		\$500,000	N/C	N/A	> \$500,000
	UNCC	\$500,000	1-Jul-15	N/A	> \$500,000		\$500,000	N/C	N/A	> \$500,000
	ECU	\$500,000	1-Jul-15	N/A	> \$500,000		\$500,000	N/C	N/A	> \$500,000
	UNCG	\$500,000	1-Jul-15	N/A	> \$500,000		\$500,000	N/C	N/A	> \$500,000
	ASU	\$500,000	1-Jul-15	N/A	> \$500,000		\$500,000	N/C	N/A	> \$500,000
	UNCW	\$500,000	1-Jul-15	N/A	> \$500,000		\$500,000	N/C	N/A	> \$500,000
Tier 2 GF \$75M-\$175M	N.C. A&T	\$250,000	1-Jul-15	> \$250,000	> \$500,000	Tier 2 GF \$80M-\$180M	\$500,000	\$250,000	N/A	> \$500,000
	WCU	\$250,000	1-Jul-15	> \$250,000	> \$500,000		\$250,000	N/C	> \$250,000	> \$500,000
	NCCU	\$250,000	1-Jul-15	> \$250,000	> \$500,000		\$250,000	N/C	> \$250,000	> \$500,000
	UNCP	\$250,000	1-Jul-15	> \$250,000	> \$500,000		\$250,000	N/C	> \$250,000	> \$500,000
	WSSU	\$250,000	1-Jul-15	> \$250,000	> \$500,000		\$250,000	N/C	> \$250,000	> \$500,000
Tier 3 GF < \$75M	FSU	\$100,000	1-Jul-15	> \$250,000	> \$500,000	Tier 3 GF < \$80M	\$100,000	N/C	N/C	> \$500,000
	UNCA	\$100,000	1-Jul-15	> \$100,000	> \$500,000		\$100,000	N/C	N/C	> \$500,000
	UNCSA	\$100,000	1-Jul-15	> \$100,000	> \$500,000		\$100,000	N/C	N/C	> \$500,000
	UNC Sys Ofc	\$25,000		N/A	> \$25,000		\$100,000	\$75,000	> \$100,000	> \$500,000
	ECSU	\$100,000	1-Jul-15	> \$100,000	> \$500,000		\$100,000	N/C	N/C	> \$500,000
	NCSSM	\$100,000	1-Jul-15	> \$100,000	> \$500,000		\$100,000	N/C	N/C	> \$500,000