

### UNC System Purchasing Thresholds

The North Carolina General Statutes authorize the Board of Governors to set separate purchasing benchmarks for each Special Responsibility Constituent Institutions (SRCI) at levels up to \$500,000. These benchmarks allow institutions to procure goods and services for amounts not exceeding the established thresholds without routing bids through the state Division of Purchase and Contract (P&C) in Raleigh. All purchases, whether approved by P&C or by a campus through a delegation, must comply with the same General Statutes.

UNC campuses have had varying purchasing thresholds established by the Board since delegations were first approved in 1998. The delegation has allowed campuses to more quickly proceed with purchases than would have been possible had the campus been required to submit all contract proposals and selections to P&C for review and approval. Growth in campus general funds, coupled with regular price inflation, have left some campuses with smaller effective delegations.

This proposal streamlines the thresholds and establishes two types of purchasing benchmarks, one without Presidential pre-approval and one conditional upon Presidential pre-approval of each covered transaction. To determine the purchasing benchmark that would not require Presidential pre-approval, campuses would be divided into three tiers based on the campuses' total General Fund expenditures. This tiered approach is similar to the one used by the North Carolina Community College system.

- Tier 1: General Fund expenditures greater than \$175,000,000
- Tier 2: General Fund expenditures great than \$75,000,000 but less than \$175,000,000
- Tier 3: General Fund expenditures less than \$75,000,000

## APPENDIX D

The delegation without Presidential pre-approval for the tiers would be as follows: Tier 1 – \$500,000, Tier 2 – \$250,000, Tier 3 – \$100,000. The campus alone would have review and approval authority for transactions occurring below these tiers. This type of delegation is consistent with current practice.

The second type of purchasing benchmark would cover transactions occurring between the institution's tiered threshold and the statutory maximum delegation of \$500,000. For example, this would apply to purchases between \$250,000 and \$500,000 for Tier 2 campuses and purchases between \$100,000 and \$500,000 for Tier 3 campuses. Purchases occurring in these ranges would require pre-approval by the President of the University. All transactions greater than \$500,000 would be routed to P&C for approval.

These new thresholds would take effect on July 1, 2015 for all campuses who have completed a purchasing review by the State's Division of Purchase and Contract (P&C) after July 1, 2013. For all other campuses, the new thresholds take effect upon the completion of a purchasing review by P&C.

In compliance with Statute 116-31.10, General Administration has consulted with the Director of the Division of Purchase and Contract and the Director of the Budget and has incorporated their feedback into the item.

It is recommended that the request be approved effective July 1, 2015.

APPENDIX D

University of North Carolina  
Potential Authorized Purchasing Benchmarks

	Institution	Current Delegation			Proposed Tiered System				
		Authorized Benchmark	Effective Date	P&C Approval Required	Campus Approval		Presidential Approval		P&C Approval Required
					Benchmark Without Pre-Approval	Change from Current Benchmark	Benchmark with Pre-Approval	Change from Current Benchmark	
Tier 1 GF > \$175M	ASU	\$150,000	January 1, 1998	>\$150,000	\$500,000	\$350,000	\$500,000	\$350,000	>\$500,000
	ECU	500,000	December 1, 2003	>\$500,000	500,000	None	500,000	None	>\$500,000
	NCSU	500,000	December 1, 2003	>\$500,000	500,000	None	500,000	None	>\$500,000
	UNC-CH	500,000	December 1, 2003	>\$500,000	500,000	None	500,000	None	>\$500,000
	UNCC	500,000	July 1, 2006	>\$500,000	500,000	None	500,000	None	>\$500,000
	UNCG	500,000	April 1, 2004	>\$500,000	500,000	None	500,000	None	>\$500,000
	UNCW	500,000	February 1, 2006	>\$500,000	500,000	None	500,000	None	>\$500,000
Tier 2 GF \$75M - \$175M	NCA&T	100,000	January 1, 2000	>\$100,000	250,000	150,000	500,000	400,000	>\$500,000
	NCCU	200,000	January 1, 2006	>\$200,000	250,000	50,000	500,000	300,000	>\$500,000
	UNCP	150,000	December 1, 2003	>\$150,000	250,000	100,000	500,000	350,000	>\$500,000
	WCU	250,000	April 1, 2004	>\$250,000	250,000	None	500,000	250,000	>\$500,000
	WSSU	350,000	July 1, 2007	>\$350,000	250,000	(100,000)	500,000	150,000	>\$500,000
Tier 3 GF < \$75M	ECSU	100,000	April 1, 2005	>\$100,000	100,000	None	500,000	400,000	>\$500,000
	FSU	50,000	January 1, 1998	>\$50,000	100,000	50,000	500,000	450,000	>\$500,000
	UNCA	50,000	January 1, 1998	>\$50,000	100,000	50,000	500,000	450,000	>\$500,000
	UNCSA	50,000	January 1, 1998	>\$50,000	100,000	50,000	500,000	450,000	>\$500,000
	NCSSM	35,000	February 8, 2002	>\$35,000	100,000	65,000	500,000	465,000	>\$500,000