



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**

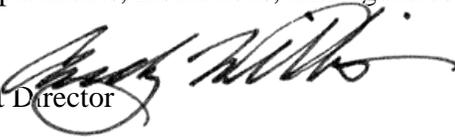
BEVERLY EAVES PERDUE
GOVERNOR

ANDY WILLIS
STATE BUDGET DIRECTOR

January 2, 2013

MEMORANDUM

TO: Department Heads and Chief Fiscal Officers
All State Departments, Institutions, and Agencies

FROM: Andy Willis 
State Budget Director

SUBJECT: State Budget Manual Update

The Office of State Budget and Management (OSBM) has posted revisions to the State Budget Manual on the OSBM website at <http://osbm.nc.gov>. These revisions are detailed below and are listed in the appendix section of the State Budget Manual.

5.1.26 Transportation by Personal Vehicle

Actual mileage is reimbursable. Mileage is measured from the closer of duty station or point of departure to destination (and return). The business standard mileage rate set by the Internal Revenue Service (**56.5 cents per mile effective January 1, 2013**) will be paid. Parking fees, tolls, and storage fees are reimbursable when the required receipts are obtained. A state employee shall be reimbursed the business standard mileage rate set by the Internal Revenue Service when using their personal vehicles for state business when the round trip does not exceed 100 miles or when a state-owned vehicle is not available. However, if a state employee chooses to use a personal vehicle when a state-owned vehicle is available, all departments and agencies will reimburse the employee at the motor fleet rate for mileage of 30 cents per mile.

5.7.3 Post-secondary Students at State Institutions

Student travel expenses while working as an employee of the State are considered official state business when traveling on behalf of their position and shall be paid from the same source of funds from which the employee is paid. Non-employee students at state institutions who travel on official state business and whose expenses are paid or reimbursed by the General Fund are subject to these regulations, including statutory allowances, to the same extent as are state employees. ~~All other student related travel must be paid from non-General funds supporting that particular organization or activity.~~ **Non-employee students who travel to fulfill a course requirement for academic credit and whose expenses are paid or reimbursed by the General Fund are subject to these regulations, including statutory allowances, to the same extent as are state employees.** Funds specifically appropriated or legally directed for student travel are authorized to be used for student travel expenses. Official state business is defined in Section 5.0.3.

Approval for non-employee General Fund student travel to fulfill course requirement for academic credit must have written prior approval of the Vice Chancellor for Finance or his/her designee.

~~Approval for non-employee General Fund student travel must be signed by the student's department head. To substantiate and account for services related to non-employee General Fund student travel, the student and department head should enter into a signed agreement to document the required official State business and the travel reimbursement commitment. This agreement shall be signed by the department head and shall be a part of the department's prior approval documentation required for overnight travel.~~

5.11.3 Employee-owned Devices

Any State agency or institution may elect to provide an allowance to an employee for the business use of their personal MCD. The following requirements must be followed:

1. **MCD allowances are provided only for individuals required to maintain personal cell phones for substantial noncompensatory business reasons. Examples of required substantial noncompensatory business reasons include: (1) the agency/institution's need to contact the employee at all times for work-related emergencies; or (2) the agency/institution's requirement that an employee be routinely available to speak with legislators or other elected officials, community leaders, or customers at times outside the normal work schedule or at times when the employee is away from the duty station.**
2. State agencies and institutions must develop an initial business case for the use of MCD allowance. **The business case must demonstrate the following:**
 - a. **The use of a MCD allowance in lieu of a state-issued device produces a savings to the State.**
 - b. **Specifically, the calculated savings must show not only an overall savings to the organization as a result of transferring impacted employees from state-issued devices to a monthly allowance; but the savings must be demonstrated for a substantial majority of the impacted individual employees. (i.e., while significant savings for one or two individuals may be sufficient to generate overall savings for an agency, the agency must still show that most employees generate some level of savings).**
 - c. **The basis for comparison to an MCD allowance is the current statewide term contract price of the most conservative plan that meets the employee's job requirements. (Statewide entities not required to use the State IT contract may substitute locally negotiated contract prices for comparison.)**
3. The business case must be submitted and approved by OSBM prior to the implementation of a MCD allowance policy. Concurrently, the agency's internal policies and procedures for the MCD allowance must be submitted to OSBM.
4. State agencies and institutions must develop a flat or tiered allowance, based upon the volume of use, for the business use of personal MCDs.
5. Necessity of a MCD allowance must be justified, documented and approved by the proper internal authority.
6. Each individual MCD allowance must be reviewed and justified every fiscal year.

7. **Each employee who receives a MCD allowance must provide documentation, such as an annual contract or a monthly billing statement, which shows that the allowance does not exceed expenses the employee actually incurs in maintaining the device. This documentation should be provided at least annually to the proper internal authority. If the documentation shows that the employee's MCD allowance exceeds the employee's typical monthly cost, the employee's allowance must be reduced to a lower tier, so that the allowance does not exceed expenses incurred by the employee.**

~~This allowance is taxable, and e~~Employees' personal MCD records could be subject to the North Carolina public records law (General Statute § 132).

Improving the State Budget Manual is an ongoing process, and OSBM will issue updates to the manual periodically. Users are encouraged to email comments, suggestions, or questions about the Manual to Budget-Manual-OSBM@osbm.nc.gov.