

XXXX.XX **Budget Entries Allowed under Management Flexibility Legislation**

Authority: N/A

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Related Policy:

Additional References: University of North Carolina: Selection Criteria and Operating Instructions for Special Responsibility Constituent Institutions [[UNC Policy Manual 600.3.1](#)]

1. **Purpose**

To establish guidelines and procedures for budget codes 16065 and 16066 to insure compliance with UNC Policy 600.3.1 Section A1 (g) and Section B.

2. **Definitions**

Special Responsibility Constituent Institution (SRCI): Designation received by universities who qualify for privileges granted under the Management Flexibility Legislation.

Lapsed Dollars: Salary and benefit dollars lapsed due to vacancy in position or temporary move of person to a different funding source.

3. **Budget Entries Authorized Under Flexibility Legislation**

A. Budget Entries Moving Lapsed Dollars to Operating Lines (i.e. Supplies, Equipment, Current Services, Temporary Employment, etc.)

1. Requirements

These entries must be processed by the University Budget Office for Budget code 16065 and by DHS Budget Office for Budget code 16066.

- a. Lapsed dollars generated by moving state-funded salary/benefit expenses to other funding source(s) may be spent as directed by the unit in accordance with state and university guidelines. This is to provide incentive for and encourage units and individuals to seek external funding

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or to provide operating support in the unit generating the lapsed dollars. For Budget Code 16065, the Grant Contract Reassigned Time Form should be completed and submitted to the University Budget Office when requesting the move of lapsed dollars to operating.

- b. Faculty departmental lapsed dollars are used by the Graduate School to support graduate students via tuition remissions and awards. The Dean of the Graduate School makes these allocations after conferring with the Vice Chancellor for Research and Graduate Studies.
- c. Faculty lapsed dollars may be used to conduct faculty searches for any faculty positions up to a maximum of \$2,500 per search. Costs allowable by State funds related to the search are permissible, including advertising. If the cost related to searches exceeds the \$2,500 maximum, use of additional lapsed salary dollars requires the approval of the appropriate Vice Chancellor.
- d. Units may use their lapsed dollars to support temporary payroll expenses, including temporary support, over-time, shift, longevity, etc. (EPA Teaching and Non-Teaching lapsed dollars may not be used to cover SPA temporary wages, over-time, shift, longevity, etc.)

Note: Faculty lapsed dollars may also be used to support honorariums, contractual salaries, or temporary faculty salaries directly related to academic or research activities. This may not always require a budget entry involving operating lines.

2. Procedure

For Budget Code 16065, the University Budget Office prepares a projection of lapsed dollars and communicates that information to the Vice Chancellor for Administration and Finance. The Vice Chancellor for Administration and Finance gathers non-recurring requests from other divisions and makes recommendations regarding the amount to allocate for each item (requests must be consistent with the use of state appropriated funds). These recommendations are then reviewed, prioritized and approved by the University's Executive Council (the Chancellor, Vice Chancellors and the Chancellor's other direct reports). Each Vice Chancellor has the authority to redirect funds allocated to his/her division among pre-approved initiatives from the Non-Recurring list as long as the University Budget Office has prior notification and documentation. If a Vice Chancellor determines that he/she will be unable to spend allocated funds by June 30th and does not have another approved initiative on which the funds can be spent, then he/she should notify the University Budget Director so that funds can be redirected centrally in a later phase. If this determination is not made in time for redirection, then the funds will be managed along with any other

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remaining institutional priorities. Divisions may receive an allocation for Unexpected Events to be allocated based on divisional priorities. The expectation is that all non-recurring funds will be spent by June 30 for approved initiatives.

Projections are updated, and the status of available funds is communicated to the Executive Council throughout the fiscal year. Lapsed Salaries are reallocated in phases as projections indicate availability of funds.

B. Movement of Budget Between Purpose Codes (i.e. Instruction, Academic Support, Institutional Support, Student Support, Physical Plant, etc.)

Permanent or temporary budget entries must be processed by the University Budget Office for 16065 and by the DHS Budget Office for 16066.

C. Budget Changes Between Salary/Benefit Lines and Other Lines to Reduce/Abolish or Increase/Create Positions

Permanent or temporary budget entries must be processed by the University Budget Office for 16065 and by the DHS Budget Office for 16066.

4. **Budget Entries Not Allowed Under Flexibility Legislation**

These funds may not be used to support regular salary and/or benefit payments to permanent employees.

5. **Review of Procedure**

This procedure will be reviewed periodically for ways to improve efficiency and effectiveness.