Executive Overview
UNCG Operating Resources
STATE OPERATING BUDGET – BUDGET FLEXIBILITY

During the 1991 and several subsequent sessions of the General Assembly, additional latitude was granted to the University that enables UNCG to (1) transfer budget in ways that were not previously available without Office of State Budget & Management (OSBM) approval, (2) administer personnel classifications and properly set compensation for campus personnel and (3) purchase items at higher dollar limits without State Purchasing & Contract approval. This legislative action has been referred to as Budget Flexibility and the Board of Governors must designate a UNC institution as a “Special Responsibility Constituent Institution” before the institution may benefit from the legislation.

The Board of Governors has established policies that specify how an institution may be designated as a Special Responsibility Constituent Institution. Further, the Board has adopted broad budgetary, carryforward, personnel administration, purchasing and reporting policies.

A. Achieving and Retaining Status as a Special Responsibility Constituent Institution

Management Staffing Standards and Internal Controls and Safeguards requirements include:

- The Chancellor must assume personal responsibility and also establish the appropriate administrative and internal control procedures for carrying out the special delegations of authority. This includes the budget, human resource classification and compensation administration, purchasing, financial record integrity.
- The Chancellor shall prepare a plan for the uses of appropriations carried forward from the previous fiscal year and anticipated lapsed salary funds for the current fiscal year.
- The Chancellor shall review an annual internal audit report on expenditures authorized under budget flexibility.
- Other provisions of the legislation require the President to review the Annual Report on Budget Flexibility, follow up on major audit findings, and review the Chancellor’s plan for the use of lapsed salaries.

B. Budget Administration

- Appropriations

The General Fund appropriation is made in the form of a single sum to the University.
The University may expend the General Fund appropriation in the manner deemed by the Chancellor to maintain and advance the programs and services of the institution consistent with the directives and policies of the Board of Governors. These directives prohibit the elimination of a program of study, and using funds appropriated for Distance Education on other initiatives without Board approval.

- **Reversions and Carry-Forwards of Appropriations**

  The appropriations credit balance remaining at the close of a fiscal year may be carried forward to the next fiscal year and used for one-time expenditures that will not impose additional financial obligations on the State. However, the amount carried forward under this section shall not exceed two and one-half percent (2 1/2%) of the General Fund appropriation.

**C. Personnel Administration**

- The Chancellor, when she finds that to do so would help to maintain and advance the programs and services of the institution, may establish and abolish positions, acting in accordance with State personnel policies and procedures or policies and procedures of the Board of Governors if these positions are exempt from the State Personnel Act.
- No action should have the effect of either establishing a new academic program or administrative unit or closing an existing academic or inter-institutional program or administrative unit. No action should be taken which permanently reduces the number or amount of Regular Term budgeted teaching positions supported by General Fund appropriations thereby changing the student-faculty ratio or the budgeted average teaching salary established by the Board of Governors.
- Implementation of all personnel actions are subject to the availability of funds within the University’s current budget to fund the full annualized costs of these actions.

**D. Purchasing**

- The expenditure benchmark for the University with regard to competitive bid procedures and the bid value benchmark was increased to $500,000.

**E. Impact on Education**

- The University must include in its institutional effectiveness plan those assessment measures that are determined by the Board to be measures
that will assure some standard measure of student learning and development in general undergraduate education.

F. Reporting Requirements

• **Monthly Report** The University must prepare a monthly operating report showing the institution’s current expenditure plan.

• **Fiscal Year Plan** The Chancellor must prepare a fiscal year plan, specifying programmatic, and major expenditure classification detail, for expending funds carried forward from the previous fiscal year. An annual plan for expending anticipated lapsed salary funds for the fiscal year must also be submitted to the Board by the Chancellor. This portion of the plan would be a projection of the amount of lapsed salaries and the programmatic priorities for expending the estimated funds.

• **Annual Report** An annual report, and other reports as may be directed by the President, are required from the Chancellor. The annual report must be submitted to the Office of the President by October 10 following fiscal year end, and shall include the following information:

  the impact on undergraduate student learning and development as demonstrated by the standard assessment measures related to this topic

fiscal savings

management initiatives undertaken

increased efficiency and effectiveness achieved, including institutional purchases under the expenditure benchmark established by the Board of Governors for the institution

other outcomes made possible by the flexibility provided

documentation of any reallocation of resources which distinguishes between one-time and permanent transfers, including the actual uses of funds reallocated during the fiscal year as a result of lapsed salaries

the actual uses of appropriations carried forward from the previous fiscal year

any additional costs incurred

a schedule of positions established and positions abolished
list of positions that were vacant for more than 9 months during the fiscal year and an explanation for the length of the vacancy

compliance certification letter to the President from the Chancellor

**UNCG Implementation**

UNCG has established internal policies concerning Budget Flexibility that are used to assure the institution not only complies with the Board of Governors directives and the legislation but also leverages budget flexibility to maximize the institution’s ability to react to short term needs (for example, utility costs) and the funding of major campus wide initiatives. In past years, the Student Information System purchase and implementation and the partial funding of several Capital Improvement projects utilizing the prior year’s carryforward were accomplished via Budget Flexibility.

The major policy concerning budget flexibility that may be unique to UNCG concerns the use of lapsed SPA salaries. One-half of these funds are redirected to the Provost or Vice Chancellor for allocation. UNCG does not allow departments to utilize the other half of lapsed SPA salaries unless these funds are used to pay a contract or temporary worker to do the work normally performed by the vacant SPA position.

Any funding that is carried to the next year is under the direction of the Chancellor, regardless of the source of the funds. In the current year, the Provost and Vice Chancellors may anticipate that some of their funding will not be fully utilized due to extraordinary circumstances; the Chancellor may approve the allocation of these funds back to the Division that generated them if she deems it in the best interest of the University.