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 was 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, carry forward, 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 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, and 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.
- Other provisions of the legislation require the President to follow up on major audit findings

**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, creation of new financial aid programs, creation of new faculty
positions on a permanent basis 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 (G.S. 116-30.3) and is subject to approval by the State Budget Director. For 2015-16 only, the General Assembly temporarily increased the carry forward limit to 5%. Any amount above 2 1/2%, was to be used for repair and renovations of existing facilities.

In addition to the general carry forward (as discussed above), the University can choose to carry forward unspent utilities (G.S. 116-30.3B) savings that have been realized through energy conservation measures. At least 60% of these funds will be used for energy conservation projects in the new year. These funds are limited to one-time capital and operating expenditures that do not create a continuing burden on the state. An annual report on the use of these funds is required.

C. Personnel Administration

The Chancellor, when he/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 Human Resource 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 regarding competitive bid procedures and the bid value benchmark is $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. This report has not been required in the last few years.

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 carry-forward were accomplished via Budget Flexibility.

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

Any State 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 he/she deems it in the best interest of the University.

For a more detailed explanation of appropriate expenditures, please see the “Spending Guidelines” located at: