I. Purpose and Scope

The Carry Forward of Year-End Funds Policy is designed to accommodate greater empowerment at the appropriate organizational level and encourage thoughtful expenditure of nonrecurring funds. The policy provides additional fiscal flexibility and rewards good management by allocating year-end unrestricted Educational and General expenditure balances. This policy does not include Auxiliary Enterprises or restricted Educational and General indexes.

II. Policy

A. Definitions: For purposes of this policy, a unit is defined as an individual expenditure index within the financial reporting system. There are twelve divisions in the university which include the following: Provost and Academic Affairs, Athletics, Campus Services and Facilities, Chief Diversity Officer, Chief of Staff, Development and Alumni Relations, Finance and Administration, Information Technology, Presidential, Public Affairs, Research, and Student Affairs.
1. The following policy applies to the treatment of year-end expenditure balances for all unrestricted, Educational and General expenditure indexes with the exception of Revenue Dependent programs (including workshops), F&A indexes, Restricted Tuition, Summer School, and Distinguished Professor indexes:

   a. Year-end expenditure balances, excluding employee benefits, will be allocated to each division. Each division will have discretion in how it administers its carry forward funds.

   b. The amount carried forward by division will reflect a reduction of 3 percent which will be allocated to a central Infrastructure Repair Fund. Funds excluded from the 3% calculation include: Revenue Dependent programs (including workshops), Restricted Tuition expenditure indexes, Parking Services, Summer School, DELO distribution to colleges, Graduate Research, Distinguished Professors, Professorships, Study Abroad, F&A, Faculty Research, and University Wide. The Infrastructure Repair Fund will be reserved to fund projects for fixed assets (steam, gas, energy, water, sewage, drainage, transportation, and communication) where the system as a whole is intended to be maintained indefinitely by the continuing replacement and refurbishment of its components.

   c. The carry forward for each division, excluding the allocation to the Infrastructure Repair Fund, may not exceed 10 percent of the current fiscal year budget.

   d. Prior to the end of the fiscal year, funds may be allocated to specific current and planned capital construction projects, equipment and furnishing associated with a capital project, debt service reserve for existing bonds, or for specific computers/equipment purchases approved by the President. Funds will be held in a reserve for reallocation when the Plant Fund projects are established or expenditures are necessary.

   e. Units are expected to not incur budget deficits. Any unit deficits will be carried forward and immediately covered by the next year’s unit budget.

   f. During the course of the year, budgeted employee benefits may be reallocated on a nonrecurring basis for personnel or other employee benefit needs including travel and professional development. Fringe benefits funds may not be reallocated for operating (excluding travel) or equipment purchases. With a limited number of exceptions (e.g., summer faculty stipends that carry forward), unused employee benefits expenditure balances will lapse to the central fund balance. Division carry forward allocations will be lowered by any deficits in employee benefits pools within the respective division.

   g. Carry forward funds may not be used to create permanent positions or hire permanent personnel without written approval of the President.

2. Outstanding encumbrances for goods ordered but not received by June 30, will carry forward into the next fiscal year in the respective expenditure accounts. Funds will carry forward to respective expenditure accounts if sufficient funds remain in the accounts to make the encumbrance payments. Encumbrances will be considered
the same as expenditures and will not be included in the Infrastructure Repair Fund assessment.

III. Procedure

A. Preliminary carry forward allocation calculations will be sent to each division by September 30th. After closing the books for a fiscal year, comprehensive year-end expenditures reports and a carry forward allocation calculation will be sent to each of the divisions. Upon resolution of any questions, a carry forward allocation will be confirmed in comparison to the budgeted carry forward by division.

B. This policy does not preclude a division from making a request for additional funding from the University’s central carry forward. However, all requests must be submitted to the President with justification as to why the funding need is extraordinary and cannot be funded by the respective division’s carry forward allocation and recurring operating budget.

C. Each division is required to submit a report on the use of the previous year’s carry forward funds and planned use of carry forward funds for the fiscal year just ended by November 15th. The report is to include the relationship of the use of funds to strategic priorities within the division.