

Carryover of Unused Operating Budgets

Overview

To provide incentives to thoughtfully manage expenses and provide inter-year flexibility, beginning in FY17 and until further notice the budget office will allow for 15% of a divisions unspent operating budget funds to be carried over for use in future years. The terms and conditions for this carryover are described below.

Calculation of Unused Operating Funds

- Actual Expenses vs. Working Budgets will be accumulated at the divisional level for purposes of applying this procedure (i.e., Academic Affairs, Student Affairs, Development & Alumni Relations, etc.).
- With the exception of Academic Affairs, all funds will be carried over at the divisional level only. For Academic Affairs, the carry over amount will be calculated at the divisional level, but returned pro-rata to only each college/unit within the division which contributed to the divisional surplus vs. budget.
- This procedure will not apply to units/departments with pre-existing arrangements on funding or surplus sharing—among them, auxiliary units.
- This procedure will not apply to NTID, as its budget is separately funded and managed.
- This procedure will not apply to units on campus which have substantial recovery of expenses through charge-backs (FMS, Public Safety, ITS, etc.)
- The Budget Office retains discretion to exclude specific revenue and expense lines from this procedure which would distort its intent (e.g., large favorable or unfavorable utility expense variances, PhD student aid or stipend budgets, graduate student aid budgets located within the colleges).
- The determination of unused operating funds will not be done until all closing and final budget entries are made.

Process/Limits on Funds Carried Over

- Each year, post-close, the Budget Office will calculate unused operating funds as described above.

- A transfer entry will be made to move unused funds from the operating budget(s) to a universal discretionary project (Oracle Project number 15969), on which each department may carry over its funding indefinitely.
- The balances on this projects will be limited to 1% of each respective unit's current total operating budget. By way of an example, assume a college has a \$12 million operating budget and a beginning carryover project balance of \$90K. In the current year, the division incurs \$11.7M in actual expenses, resulting in \$300K in unused funds. We would calculate \$45K (15% of \$300K) as the amount "eligible" to be carried over, but doing so would leave the college with a carryover balance of \$135K, which is in excess of the 1% limit (= \$120K = 1% of \$12M). In this case, then, the college would be allowed to carry over \$30K of its unused funds.
- Each year, incremental additions to carryover funds for each unit will be subject to a \$1,000 minimum to eliminate excessive funding entries.

Use of Carried Over Funds

- All use of these carried-over funds must be expensed directly on the universal carryover project. Transfers will not generally be allowed to other projects/funds.
- Carried over funds balances will be presumed to be the first source for future one-time funding needs in the colleges/units.