



THE UNIVERSITY OF NORTH CAROLINA
AT
CHAPEL HILL

Financial Planning and Budgets

The University of North Carolina at Chapel Hill
CB#1250, 440 West Franklin Street
Chapel Hill, NC 27599-1250

November 7, 2001

TO: Deans, Directors, and Department Heads

FROM: Doug Council, Acting Director of Financial Planning and Budgets

RE: Funding of Fringe Benefits For State Positions

This memorandum is being sent to remind University financial managers of the current policy regarding the treatment of the fringe benefits budget when a department establishes, abolishes or changes the salary funding on a State position.

When establishing a new position using State funds (either from a departmental source or from a central allocation), the department will be responsible for providing the budget for Social Security (1810), State Retirement (1820) and, if applicable, Medical Insurance (1830). The department will not be responsible for funding the fringe benefits when re-establishing a position previously abolished, if the department did not retain the fringe benefits from that action. The department will be required to provide documentation of the original action.

When abolishing a State funded position, the department will not be allowed the use of the related fringe benefits budget for positions that were not previously established from the department's own State funds. However, the department will be allowed to retain the fringe benefits budget if the department documents that it used its' own State funds to establish the position and the associated fringe benefits.

When a department increases the funding for an existing position, as is often the case for reclassifications and new hires, the department will be responsible for providing the budget for Social Security, State Retirement, and as applicable, Medical Insurance. However if that increase is later reduced, the department will be allowed to retain the fringe benefits budget on that portion the department originally funded if the department documents that it used its' own State funds to fund the original increase and the associated fringe benefits.

Should you have questions regarding the current policy, please contact Ms. Alice Phillips at 962-5760, or myself at 962-5761.