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at CHAPEL HILL

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MEMORANDUM

To: Deans, Directors, and Department Chairs

From: Dennis Press *Dennis Press*
University Controller

Re: Process for the "27th biweekly" in FYE 2012

Date: August 29, 2011

OVERVIEW

Each fiscal year a memorandum regarding the Annual Notice on Special Transactions for Biweekly Payroll is provided to describe the transactions that are processed to accommodate the biweekly payroll calendar. The most recent memorandum can be found at:
http://finance.unc.edu/images/stories/directors/ddd_fye2011_bw27_mem.pdf.

The purpose of today's memorandum is to provide information on the process for the "27th biweekly" in the current fiscal year, FY 2011-12. As you know, FY 2011-12 will contain 27 biweekly payrolls instead of the usual 26, and budget planning for this infrequent occurrence began in fiscal year 2000-01.

For State Funds, budget for the regular salary of permanent SPA positions has been carried forward at each fiscal year-end in central reserve accounts and will be allocated during fiscal year 2011-12 to fund the additional biweekly payroll occurring on June 29, 2012. Contracts and Grants are time-limited awards and are not impacted by the "27th biweekly" payroll. For other Non-State Funds, which include Facilities and Administrative (F&A) Funds, SPA salary encumbrances are posted each year to assist you in ensuring that sufficient salary and benefit budget will be available. Your continued vigilance in ensuring sufficient budgets are in place is essential.

The term "27th biweekly" is used to describe this infrequent occurrence, although the first pay date in FY 2011-12 will be biweekly #26 dated July 1, 2011, and the final pay date in FY 2011-12 will be biweekly #26 dated June 29, 2012. The payroll dated July 13, 2012 will actually be biweekly #27.

STATE FUNDS

A salary encumbrance for one day was posted in July 2011 for State Funds so that the one-day salary amount could be reserved in your departmental accounts for use at the end of this fiscal year. Budget and cash for a total of 9 work days has been accumulated over the past 11 years in central reserve accounts so that funding for the regular salary of permanent positions will be available for the "27th biweekly" (i.e. biweekly #26) payroll that will occur on June 29, 2012.

As part of the fiscal year 2011-2012 close-out, the one-day encumbrance in your departmental accounts will be liquidated and available to fund one workday of the biweekly payroll. Biweekly payroll 26 dated June 29, 2012 will post to your departmental accounts. Then a budget transfer for the regular salary of permanent SPA positions paid on biweekly payroll 26 will be made to departmental accounts from central reserve accounts for the remaining 9 workdays.

NON-STATE FUNDS

A cumulative SPA salary encumbrance for 10 days was posted to your FRS accounts in July 2011 for certain Non-State Funds. The additional salary budget for permanent SPA staff was encumbered so that the salary amount would be available for expenditure at the end of this fiscal year for Non-State Funds. Budgets for related benefits are not encumbered by this process, so you may wish to reserve related benefits. The special encumbrances were not posted for Contracts and Grants since those accounts are time-limited awards and are not impacted by the "27th biweekly" payroll issue.

For Non-State Funds, excluding Contracts and Grants, the 10-day encumbrance will be liquidated prior to the June 30, 2012 close-out, and expenditures will be recorded for the biweekly payroll 26 dated June 29, 2012.

SUMMARY

Month Processed	State Funds	Non-State Funds	
		Contracts & Grants	Trust, F&A, & Special Funds
July 2011	1 day salary encumbered in departmental accounts	n / a	10 days salary encumbered in departmental accounts
June 2012	1 day salary encumbrance liquidated	n / a	10 days salary encumbrance liquidated
June 2012	"27 th Biweekly" posts to departmental accounts	n / a	"27 th Biweekly" posts to departmental accounts
June 2012	Budget for 9 workdays provided to departments	n / a	n / a

OTHER INFORMATION

The special encumbrance and expenditure transactions for the biweekly payroll address the budget issue for the "27th biweekly" payroll. The University budgets are for a full fiscal year, but the 26

biweekly payrolls span 364 days of the 365 (366 in leap years) days in a fiscal year. Therefore, there is usually one workday (sometimes two workdays) that roll forward at the end of the fiscal year and are paid on the very next biweekly. The biweekly paydays change each year, and every 11 or 12 years (depending on leap years) there is a biweekly payday on or about the first day of the year and on or about the last day of the year, so the fiscal year contains 27 paydays.

Budgets for State Funds and encumbrances for Non-State Funds will be accumulated once again to fund the next 27th biweekly payroll in FY 2022-23. The funds will be accumulated over an 11-year period since the 26 biweekly payrolls do not span a full fiscal year, and the one or two days remaining each year are needed in fiscal year 2022-23.

I hope this information provides useful background for the biweekly payroll issue. Thank you.

cc: University Business Managers
Human Resources Facilitators