**Appalachian State University**

**Standard Operating Practice – University Budget Office**

**Lapsed Salary**

***Effective Spring 2022***

**Definition of Lapsed Salary**

Lapsed Salary is defined as the portion of the budgeted salary for a permanent SHRA or EPS (Faculty or Non-Faculty) position that becomes available during the fiscal year as a result of the employee’s separation, reassignment, sabbatical leave or unpaid leave of absence.

All lapsed salary (as defined above) reverts to the University’s central administration but may be released by the Chancellor to be flexed to operating accounts with approval. Lapsed Salary flex transfers must be requested by March 1, otherwise any available salary that has lapsed will be reverted to the central administration.

Due to planned or unplanned vacancies in faculty and staff positions, there is often a variance between a position’s annual budget and the amount actually paid to the employee in that position during the fiscal year. The temporary savings resulting from this variance (i.e. lapsed salary) will be allocated based on the methodology discussed below.

**Purpose of Policy**

Any lapsed salary must first be utilized to allow for the duties of the vacant position to be covered until that position is filled. Any additional funds remaining will then be used to support institutional, college and departmental needs (in that order). All lapsed salaries revert to central administration to be held to meet critical institutional needs throughout the year. If no critical institutional needs are identified, Vice Chancellors may request (annually during the spring) that these funds be released back to their respective divisions/colleges/departments. Each request must ultimately receive the Chancellor’s approval before being reallocated.

**Lapsed Salary Request Process (State Funds Only)**

All requests for the use of state-funded SHRA/EPS lapsed salaries should be routed to your respective Divisional Business Officer for initial review, prior to being reviewed/approved by the Divisional Vice Chancellor. Once the VC has approved the overall list of divisional lapsed salary requests, the list should be submitted to the University Budget Office for Chancellor’s review/approval. These requests should contain the amount, position number where the funds are coming from, where the funds will be moved to, and the reason for the request.

**Priority – Coverage Needs**

The primary use of lapsed salary shall be to allow for coverage of the duties assigned to that position until such a time that the position returns to a fully staffed status. This can be accomplished by hiring against the position, transferring funds to overload, extra compensation or adjunct pooled positions to allow for other faculty or staff to cover the duties. Only after this has been accomplished will any funds from a lapsed position be released for additional purposes.

**Exceptions**

**Grant or Course Buyouts**

To incentivize research activity, colleges will be allowed to keep any lapsed salary resulting from grant buyouts. The lapse should be reported to the Academic Affairs Budgeting & Contracting Office to aid in tracking the disbursement and usage of lapsed salary funds.

**Graduate Assistants**

Colleges will be allowed to retain any unexpended portion of their graduate assistant wage budgets. These budgets may be reallocated at any time by routing a flex budget revision on to the University Budget Office for approval.

**Temporary Employee Wages (Student/Non-Student)**

Colleges will be allowed to retain any unexpended portion of their temporary (student/non-student) wage budgets. These budgets may be reallocated at any time by routing a flex budget revision on to the University Budget Office for approval.

**Departmental One-Time Pay Budgets**

Colleges will also be allowed to retain any unexpended portion of their one-time pay budgets. These budgets may be reallocated at any time by routing a flex budget revision on to the University Budget Office for approval.