



University of Rhode Island – Fund 100 Carryforward Guidelines

1.0 PURPOSE

These guidelines provide direction and establish a consistent process for the management of carryforward balances accumulated by units at the end of each fiscal year. This guidance applies only to unrestricted Fund 100 activity; activities under other funds will continue to follow existing URI practices, policies, and guidelines.

Beginning at the end of fiscal year 2027, Fund 100 resources become eligible for carryforward, allowing units to carry forward unexpected year-end balances into subsequent years and add them to the reserve balance held in the unit. This approach places significant financial responsibility and accountability on unit leadership, in keeping with the decentralized nature of URI's budget model. By clearly defining the rules and expectations for carryforward balances, the University seeks to foster effective and strategic resource stewardship.

2.0 DEFINITIONS

The following terms are used throughout these guidelines:

Budget Model Resources represents, for colleges and GSO, the total funding received through the activity-based budget model. This includes tuition revenue in all forms and from all populations, state appropriation (both formulaic and subvention components), and direct revenue streams generated by the unit.

Carryforward Balance is the un-expended balance at the end of a fiscal year that can be used in future fiscal years and is added to the reserve balance held in the unit.

Central Allocation is the total amount of support provided from central Fund 100 resources to administrative units. An administrative unit's total Fund 100 expense budget is equivalent to the central allocation plus any revenues the unit generates directly.

Deficit Balance refers to a fund balance that is over-expended (cumulative expenses exceed cumulative resources) at the end of the fiscal year. Such deficits must be fully funded according to the procedures outlined in Section 3.0, Subsection II.



Fund 100 is the main education and general operating fund, representing unrestricted resources that the University can use for any purpose in accordance with [URI Board of Trustees procurement regulations](#) and [state law](#). These funds are not subject to significant external restrictions or donor-imposed conditions, and are typically generated through tuition, fees, state appropriations, and other general services.

Fund 111 is a fund that serves as the repository for Fund 100 carryforward dollars. Balances held in Fund 111 are designated for one-time needs and should not be used to support permanent, ongoing salary or operational expenses.

Reserves represent balances purposely held for contingencies, obligations, commitments, designated funds for a specific strategic initiative, multi-year commitments, or planned expenditures that have been approved by the appropriate decision-making authority.

3.0 GUIDELINES STATEMENT

I. Carryforward Determination and Calculation

Eligible carryforward balances are determined at the end of each fiscal year. The calculation of these balances differs slightly depending on the type of unit involved:

- For colleges and GSO, the carryforward balance is calculated by subtracting actual expenses from revenues (including direct revenue and budget model resources).
- For administrative units, the carryforward balance is equivalent to the central allocation received from the University plus any direct revenue generated within the unit, less actual expenses.

Colleges and GSO Carryforward Retention

Colleges and GSO will retain one hundred percent of their annual Fund 100 year-end balance. This full retention policy is a cornerstone of URI's transition to a decentralized, incentive-based budget model designed to foster fiscal stewardship, responsibility, and accountability at the unit level.

An important point regarding subvention allocation bears particular emphasis: the retention of a Fund 100 surplus in one fiscal year does not automatically result in a reduction to the unit's subvention allocation in the following year. Once a subvention allocation is communicated by



leadership, that allocation remains fixed for the fiscal year to which it pertains. Decisions regarding subvention adjustments in subsequent fiscal years will be made through a separate process to be determined in collaboration with the Provost's office. This approach ensures that units are not penalized for demonstrating fiscal strength.

When a college or GSO unit finishes the fiscal year with a deficit balance, existing local reserve balances accumulated in prior years will be used to clear that deficit position at year-end.

Administrative Units Carryforward Retention

Administrative units operate under a different carryforward structure than colleges and GSO. Rather than retaining one hundred percent of year-end balances, administrative units may retain a percentage of Fund 100 carryforwards that is determined annually and approved by the Executive Budget Committee (EBC). The specific percentage that administrative units will be permitted to retain at the local level will be communicated no later than December 1st of each year by the Vice President, Administration and Finance.

At year-end, this percentage will be applied to the smaller of these two amounts:

- The unit's net surplus for that year, OR
- 10% of the unit's central allocation for that year

The EBC (currently includes the President, Provost, and Vice President, Administration and Finance) determines the carryforward retention percentage by evaluating a number of institutional factors. Examples of factors might include enrollment performance, state appropriation signals and trends, the research funding landscape and federal funding environment, the University's overall fiscal health and projected fund balance position, strategic priorities and capital needs, and the adequacy of institutional reserves and contingency requirements. By considering this range of factors, the Executive Budget Committee ensures that the percentage is calibrated to support operational continuity while also advancing broader institutional priorities.

In cases where administrative units have more one-time needs than projected resources available to support them based on these guidelines, units should work with the EBC principal from their organization to secure approval for additional funding for those specific needs.



Carryforward Fund Uses and Strategic Alignment

Carryforward funds that are retained locally should be directed toward one-time costs and strategic purposes that align with the unit's mission and the University's strategic plan. One-time costs might include equipment purchases and technology upgrades, infrastructure improvements and capital renewal, facility renovations or enhancements, strategic initiatives or pilot programs, or professional development and training. Strategic purposes for carryforward funds include multi-year commitments or projects, research seed funding, contingency reserves for operational disruptions, and student engagement activities.

When units plan to use carryforward funds for multi-year commitments or one-time costs that extend beyond three years, prior approval from the Executive Budget Committee is required. The AVP of Financial Strategy & Planning should be made aware of these situations in order to facilitate discussion and approval.

All units with Fund 100 carryforward balances will be asked to provide a concise explanation during their subsequent fiscal year's budget hearing that details how the carryforward balance was generated, outlines the planned use of those funds, and demonstrates how the planned deployment aligns with the unit's strategic priorities and the broader institutional strategic plan. This accountability requirement ensures transparency and strategic coherence in the use of carryforward resources.

II. Deficit Resolution

Units are expected to operate within their approved budgets and avoid incurring deficits each fiscal year. However, given the real-world complexity of university operations, the University has established a clear process for addressing deficits when they do occur.

Anticipated deficits will be identified during the fiscal year to allow for mid-year dialogue and collaborative problem-solving. Following year-end closing, the Executive Budget Committee will receive a comprehensive recommendation from Financial Strategy & Planning regarding the appropriate clearing mechanism for any deficits. This recommendation comes after FSP engagement with unit leadership and considers the nature and cause of the deficit, current commitments against existing balances, the unit's historical financial performance, the availability of unit reserves, and the broader institutional fiscal circumstances at that time.



Based on this review, the Executive Budget Committee may recommend that the deficit be cleared through the unit's own reserves if available, or through a central chart field string if the unit has no balances and circumstances warrant central support.

III. Carryforward Balance Accumulation and Monitoring

While the University's budget model is designed to allow and encourage the accumulation of carryforward balances—full retention for colleges and GSO, and percentage retention for administrative units—leadership will monitor balances to prevent excessive accumulation that could signal either underinvestment in mission-critical areas or ineffective resource deployment.

As part of the annual budget development process, previously generated carryforward funds and existing reserve balances will be reviewed by the Executive Budget Committee and taken into consideration during subvention and strategic investment funding decisions. This review allows for dynamic calibration of central support based on the financial strength and autonomy demonstrated by individual units.

Balances retained at the local level remain University of Rhode Island balances. In the case of an institutional emergency, the university retains the right to redistribute balances in order to sustain operations.

IV. Fund 111 Chartfield String Administration

Prior to July 1, 2027, when the carryforward mechanism goes into effect for the first time, Financial Strategy & Planning and the Controller's Office will collaborate to establish Fund 111 chartfield strings for each academic and administrative unit. These chart field strings will serve as designated repositories for Fund 100 carryforward surplus dollars that units retain at the local level.

Fund 111 balances are added to each unit's overall reserve balance and should be deployed exclusively for one-time needs and strategic initiatives rather than for recurring operations. By designating carryforward dollars to Fund 111 rather than commingling them with Fund 100 reserves, the University creates greater transparency regarding the sources and uses of different types of funds. This approach increasingly positions Fund 100 as the repository for recurring, ongoing expenses only, clarifying the true cost of core operations.



Carryforward funds held in Fund 111 are retained at the Executive Vice President/Vice President/Dean level. Leadership at this level bears responsibility for facilitating how these funds are deployed within their organization, ensuring that deployment aligns with strategic priorities and the intended one-time nature of the resources.

V. Exceptions

Certain departments that facilitate institutional activities and are currently identified with OXXX department codes are exempt from these fund 100 guidelines. These departments, which serve the University on behalf of all units, will not carry forward positive balances and are not expected to maintain and use reserves to cover variances in their costs. An example is the department that manages and pays for utilities on behalf of non-auxiliary/enterprise units. Expected variances in utility costs are not the responsibility of that department to cover through retained balances, as utilities are a cost borne by the institution as a whole.

4.0 ANNUAL REVIEW AND MODIFICATION

These guidelines serve as the initial framework for the University's Fund 100 carryforward mechanism, which represents a significant evolution in the institution's financial management approach. Recognizing that new processes often reveal unforeseen challenges or opportunities for improvement, the University commits to reviewing these guidelines periodically to ensure they continue to serve the institution's mission and advance its evolving strategic priorities. Any significant modifications to these guidelines will be communicated to unit leadership prior to the beginning of the fiscal year budget planning cycle to allow adequate time for preparation and adaptation.

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