Principles for a Strategic and Sustainable Budget Process at the University of Rhode Island

The principles outlined below apply to the management, allocation, reallocation and investment of general revenue funds generated through the state, including funds derived from tuition and fees. These principles apply to budget increments, reallocations and decrements. While there may be occasional justifiable exceptions relative to the management, allocation, reallocation and investment of non-general fund revenues, these principles should also apply to all university and unit budgeting and fund allocations, reallocations and decrements.

Fundamental Budget Principles

1. The budget process will be relatively simple - based on a few understandable metrics, consistent, and transparent.
   - It should ensure an open mechanism of communication between the divisions/unit and the SBPC.
   - While it is clear that the allocation of general funds will be examined through the proposed process, it is also possible that aspects of the utilization of other funds, such as overhead, fee-based, non-restricted funding from separated entities, auxiliary and enterprise funds, could be considered as well.
   - Reallocation should be thoroughly and thoughtfully reviewed prior to proposals for new allocations as a mechanism to support emerging priorities.

2. The budget will be strategic.
   - Institutional strategic priorities will guide and influence resource allocation and Reallocation and will be reflected in budget investments in priorities and programs leading to the development of a strategic budget on an annual basis.
   - The Academic Plan along with the divisional/unit plans should lead the overall process and serve as the foundation for the philosophy and concepts that guide the process for budget planning and resource allocation for every department/unit, college or division. As such, the budget becomes a visible manifestation of academic priorities and strategic plans.
   - Funds associated with vacated positions (retirements and departures) will be subject to review, recapture, and/or strategic reallocation as appropriate. Consideration will be given to productivity and efficient use of resources.

3. The budget will be sustainable and developed to support a sustainable mission.
   - Budget recovery mechanisms will be established to adjust budgets and create potential for reallocation.
   - Investments in new initiatives within units should include resources from both the units and/or institutional allocations and reallocations.

4. The budget will encourage innovation and efficiency.
   - It will align incentives towards strategic initiatives and priorities, productivity, and cost effectiveness, and innovative and collaborative approaches.
   - Review should consist of low priority areas with potential for reallocation to strategic investments.
5. The formalized budget process will include annual submission of a budget document and a presentation/discussion with the SBPC.
   - Budget needs and requests from all divisions should reflect university-wide and division priorities broadly.
   - Once allocations are made, divisions are expected to operate within the framework and constraints of their annual budget, unless emergency situations (e.g., mid year state appropriations reductions, sudden dramatic enrollment shifts, etc.) occur during the year.

6. A University contingency fund (when possible) will be used to ensure budget protection and/or for short-term strategic investment.

Financial Efficiency Procedures & Process
1. All divisions (including the Provost Office) should conduct an annual internal audit of processes, programs, and procedures for the purpose of enhancing efficiency and effectiveness and be ready to provide information to the SBPC.
2. The Council will use consensus as a preferable form for decision-making. Voting will be used only when necessary, majority rules, the Chair will have the tiebreaking vote.
3. Divisions should conduct a formalized budget process.
4. The budget process needs to be relatively simple (i.e., based on just a few understandable metrics), consistent, and transparent. It should ensure an open mechanism of communication between the responsible unit (e.g., colleges), budget managers, and departments and faculty within units.
5. Efforts should be made to benchmark productivity and expenditures with peer institutions.
6. The development of new buildings and programs, and/or initiatives should be based on full and realistic costs, including the allocation of personnel and space needed for delivery and administration. They must also be in concert with the University's strategic priorities.
7. Centralization of support services within the University should be explored where efficiencies can be gained and effectiveness sustained.
8. Off-loading of expenses or charges to other areas is, in most cases, not a viable way to enhance efficiency and reduce costs.
9. All units and members of the URI community should make energy conservation a priority.
10. Collaboration, partnerships, and consolidation, including shared functions and services, should be explored as a means of enhancing both efficiency and effectiveness.
11. Where appropriate, outsourcing should be examined for both administrative and academic functions, and implemented if cost-savings can be gained and effectiveness maintained or improved.