



BUDGET DEVELOPMENT AND MANAGEMENT POLICY

PURPOSE

The goal of the University's budget and business planning process is to achieve a balanced budget while maximizing resources and allocating those resources to align with the University's strategic mission. To achieve this goal, the University has a responsibility to submit an annual operating budget to the Board of Trustees each year. This policy outlines the University's annual budget process and describes the budget components and other related procedures integral to the process.

STATEMENT OF POLICY

It is the University's policy to ensure financial planning and budgeting processes are aligned with institutional mission and goals, evidence-based, and clearly linked to strategic plans and objectives at the enterprise and other levels. As part of this policy, the University seeks to ensure well-defined decision-making are that provide clear alignment of responsibility and accountability.

The Vice President for Finance and Treasurer collaborates with each Vice President in identifying budget needs that align resource allocation with the Strategic Plan and institutional priorities. The Vice President for Finance and Treasurer is responsible for recommending the University's fiscal year budget for submission to the University President and the Budget and Finance Committee of the Board of Trustees. The Budget and Finance Committee of the Board of Trustees recommends to annual budget to the full Board via formal resolution.

The Board of Trustees approves the annual budget at its spring meeting. The University's fiscal year begins on September 1. In the interim, adjustments to the budget are possible, either by increases or decreases in revenue or operating expenses, and are reflected as Revised Budgets in the budget system.

The University Budget Office is responsible for overseeing actual performance with budget and providing recommendations on budget adjustments and revisions throughout the fiscal year. The Budget Office is also responsible for reporting on actual business activity to University stakeholders. The Associate Vice President for Finance and Budget Director communicates any risks of potential overspending of approved budget levels and recommends corrective actions as appropriate to the responsible party, and for providing budget reports to cost center owners throughout the fiscal year.

University Departments are responsible for their budget(s) and for maintaining a balanced budget by monitoring expenditures and notifying the Budget Office in advance of any potential cost overruns. If overspending occurs, departments are responsible for working in conjunction with the Budget Office to resolve and/or identify offsets to ensure cost neutrality.

The University's budget is a centrally administered budget. Each Vice President and the Senior Vice President for Academic Affairs is provided a defined expense budget target for the upcoming fiscal year. Once the fiscal budget is approved by the Board, the Vice Presidents and Senior Vice President for

Academic Affairs may reallocate their respective expense budgets based upon strategic planning goals, accreditation, and other priorities.

Cost center owners may make adjustments to the detailed budgets. In order to make any adjustments, a budget revision request must be submitted to the Budget Office after approval by the Vice President of the division. Budget adjustments must be balanced with a funding source identified to fully cover them.

Budget revisions may be processed to any one of the four natural account roll-up levels of: (1) salary and fringe benefits; (2) scholarship; (3) other expenses; and, (4) allocations. A revision cannot be made between (1) salary and fringe to any of the remaining three categories. A revision can occur between organizations, as in the shifting of resources. Revisions can occur because of increases to revenues, and therefore, increases to expenses, and vice versa.

PROCEDURES

For Standard Operating Procedures and procedural expectations associated with this Policy, refer to:

[Long Island University Standard Operating Procedure- Budget Development \(SOP LIU F-B-1001\)](#)

[Long Island University Standard Operating Procedure- Budget Management \(SOP LIU F-B-1002\)](#)

POLICY TYPE: FINANCE