

Budget Principles **N. C. State University**

These principles apply to state-appropriated funds and tuition receipts. They form the matrix upon which budgetary decisions are made. These principles are distributed in an effort to help keep the NC State community and other interested parties informed on how and why the University principles guide the University's choices on expending funds and from where receipts are allocated.

1. Core Principles

- a. Our budget should be "transparent;" that is, it should be readily accessible and understandable to the entire University community.
- b. Our budget should be tied to our university vision and goals as articulated by the Chancellor and expressed in strategic planning documents.
- c. All budget reduction strategy decisions should reflect the university's mission, merit, and performance.
- d. All budget decisions should be justified in terms of these principles and the University's stated vision and goals.
- e. All NC State faculty, staff and students should have the opportunity to offer suggestions and report situations that could improve our budgetary condition.
- f. The University Budget Advisory Committee should be the faculty and staff's primary vehicle for receiving information and fostering understanding as well as for offering advice about the budget and budgetary principles.

2. Budget Reduction Principles

- a. Avoid arbitrary budget reduction strategies (e.g., hiring freezes, across the board cuts)
- b. Anticipate how we will implement future cuts rather than waiting for notification of cuts
- c. The following budget categories should be protected, to the extent possible, in the following order:
 - i. Undergraduate academic programs
 - ii. Graduate academic programs
 - iii. Financial aid (need-based)
 - iv. Libraries
 - v. Essential campus infrastructure
 - vi. Campus safety and security
 - vii. Classroom conditions and services (e.g., classroom technology, seating, etc.)
 - viii. Student services
 - ix. Campus aesthetics

3. Budget Expansion Principles

- a. Students with documented financial need should be held harmless in regard to campus-initiated increases for tuition and instructionally related fees.
- b. Expansions should help accomplish the university's stated strategic vision and goals.

- c. Expenditures for research and scholarship infrastructure and support should be consistent with merit, performance and sponsored research activities.
- d. Expenditures for new programs and activities should be based on full and realistic budget projections.
- e. Enrollment increase funds should be used first to accommodate the increased costs where growth has occurred.
- f. Efforts should be made to bring expenditures for programs in line with peer benchmarks, adjusted for NC State-specific conditions.
- g. New tuition and fee strategies should be explored continuously in accordance with peer institution practice.

4. Budget Efficiency Principles

- a. All processes (academic and administrative) should be periodically reviewed to reduce costs and increase efficiency.
- b. Consolidation of units (academic or administrative) should be examined and implemented if substantial cost-savings would occur without loss of effectiveness.
- c. Benchmarking against other comparable institutions should be conducted to assess whether our programs and processes are consistent with current and/or best practices.
- d. Financial incentives should be implemented to cause units to become increasingly efficient.
- e. Energy conservation should be a priority in the operation of our physical facilities.
- f. Services should be examined for conversion to a fee-based approach to assure the proper valuation and use of services.
- g. Outsourcing should be assessed for both academic and administrative work, and implemented if substantial cost-savings occur without loss of effectiveness.
- h. Collaboration among units on campus and among organizations off campus should be examined and implemented if substantial cost-savings occur without loss of effectiveness (e.g., shared administrative computing services with other UNC institutions)

Recommended for approval by the
University Budget Advisory Committee
January 12, 2006

Recommended for Approval:

Approved:

Larry A. Nielsen Date
Provost and Executive Vice Chancellor

January 26, 2006

James L. Oblinger Date
Chancellor

February 1, 2006