



A President's Guide to Budgeting & Resource Allocation

Balancing Mission, Money, and Momentum

By Lori E. Varlotta – Adapted into a Practical Guide

This report was prepared by [Your Name/Team Name] with
reference to the practical guide developed
by **Lori E. Varlotta.**



Mission

[Add institutional mission here. This section should clearly articulate the core purpose and values of the organization. The budgeting and resource allocation process must always align with and support this foundational mission.]



Money

[Add overview or high-level comments about the money/resources this presentation is meant to guide and how that part of the “money” fits into the comprehensive budget scenario. This is the financial snapshot that contextualizes the allocation decisions.]



Momentum

[Make explicit the drivers of this process and where things “stand” at this particular snapshot. What is the current progress, and what are the key factors propelling the budget forward? This section outlines the project's current status and future trajectory.]

Table of Contents



Using “Both/And” Thinking in Budgeting and Resource Allocation

How to embrace complex, non-binary solutions in resource planning and decision-making.



Budgeting and Allocating Towards Three Ends

Understanding the core objectives and impact areas of resource distribution.



Principles for Responsible Budgeting

Establishing a robust and consistent framework for financial integrity and oversight.



Philosophies that Anchor Budget Decisions

The core values and beliefs driving institutional financial choices and strategic priorities.



Prioritizing Institutional Interests over Individual Ones

Navigating the inevitable tension between personal/unit goals and collective institutional interests.



Transparency & Data Utilization

Using clear communication and reliable metrics to build confidence and inform decisions.



Shared Governance and Data Utilization

Leveraging collective wisdom and a common set of facts to ensure robust decision-making.



Leading Through Financially Precarious Terrain

Strategies for navigating serious financial challenges with resilience, vision, and stability.

Using "Both/And" Thinking in Budgeting and Resource Allocation

A leader must be ready to hit the brake pedal and the accelerator at any given time.

University leaders rarely face clear-cut budget choices. Instead, they must navigate both innovation and preservation, investments and cuts, speed and restraint.

☆ Leadership Essentials

- ☒ Acknowledge tensions openly.
- ☒ Set expectations that tradeoffs will be difficult but necessary.
- ☒ Model candor and courage in every conversation.

⚠ Budgeting is not about choosing "good vs. bad," but often "bad vs. worse." Naming that reality builds trust.

Budgeting and Allocating Towards Three Ends

Every financial decision should advance one or more of the following:



Mission Alignment

Describe the extent to which the proposed decision (allocation, reduction, elimination) aligns with institutional purpose.



Institutional Sustainability

Outline the ways in which the proposed decision (allocation, reduction, elimination) safeguards and/or risks long-term viability.



Student Success

Delineate the ways in which the proposed decision (allocation, reduction, elimination) is designed to improve recruitment, retention, and/or graduation rates.

The Diagram of Allocation



Principles for Responsible Budgeting

A principled process matters as much as actualized outcomes.

Presidents should...



Consider Performance-Based Allocations

Prioritize investments in programs that deliver the kind of measurable results that are highly valued by the organization's leaders and governing board.



Be Transparent

Share clearly, and even co-create, decision-making criteria, sustainability data, and desired outcomes of (re)allocation. Provide updates and rationales for emerging assumptions. Allow faculty and staff to see program-specific data from their own and other departments.



Focus on more than money

Consider a certain number of financial "**loss leaders**" when they are **mission-essential** to the institution's purpose, balancing profit with core values.

A Sample Framework for Making Academic Budget Decisions

- 1 The **President defines institutional priorities** and decision-making criteria with input from key constituents.
- 2 The President appoints the **Provost to be the primary overseer** of academic budgeting.
- 3 The Provost works with deans and department chairs to **gather and analyze department-level data** and write executive summaries by program.
- 4 The Provost works with the deans to **make the aforementioned data and summaries accessible** to colleagues throughout the institution.
- 5 The Provost and the deans form **faculty advisory groups** who study the data and make recommendations about budget allocations, investments, and reductions.
- 6 The Provost **summarizes the recommendations** from the deans and advisory groups as part of the formal recommendation to the President.
- 7 The Provost **highlights areas of convergence and divergence** with the deans and advisory groups in their overall recommendations.
- 8 The **President reviews the recommendations** and involves the board as appropriate. The President then communicates and documents the final decisions for future reference.

Philosophies That **Anchor** Budget Decisions

Three key philosophies guide presidents in their decision-making.

Fair ≠ Equal

- Fair allocation prioritizes **mission impact**, not equal cuts or allocations across all units.
- Weigh important **quantitative data** against **qualitative information** (culture, tradition, and mission) to make the best data-informed distributions.

Long-Term Focus

- Budgets must be geared towards keeping the institution **healthy in the long-term**.
- When short-term decisions are necessary, any long-term tradeoffs must be carefully considered.

Fiduciary Duty

- Underscore the president's and board's legal and ethical duties of **care, loyalty, and obedience**.[↗](#)
- The duty is to always act in the institution's best interest for enduring viability.

"This decision is about **long-term institutional health**, not short-term convenience."

Prioritizing **Institutional** Interests over **Individual** Ones

Budget talks can spark tensions between faculty/staff/students and prompt some individuals or groups to operate more from a self- or departmental-perseveration mode than a institutionally-sustainable mode.

Departmental
Wants /
Short-Term
Wins



Institutional
Needs /
Long-Term
Health

INSTITUTIONAL PRIORITIZATION

This decision is about **long-term institutional health**, not short-term convenience.

✓ Best Practices



Prioritize **institutional health, sustainability, and brand** over single programs or departments.



Favor a **long-view perspective** over a short-term, feel-good-in-the-moment win.



Aim to **protect student programs**.

- Design the budget process to be more student-centric than faculty-, staff-, or administrative-centric.



Manage disappointment with **honesty and empathy**.



Encourage **private airing of concerns**; discourage public display of "dirty laundry."

Transparency & Data Utilization

Access builds trust; concealment destroys it.

Access builds trust; concealment destroys it. Presidents must share relevant information, train constituents how to read and analyze it, and empower division leaders to do the same within their units.

Transparency Checklist



Post financial context on a firewall-protected intranet.



Include important operational data and numbers, as well, on that site.



Encourage constituents to read posted articles or reports on the same site so as to develop an informed perspective.



Offer trainings on how to make sense of the posted data.



Invite constituents to ask questions and provide feedback as part of their professional development.



Provide updates before, during, and after decisions.



Charge shared governance bodies in working with the business office to sponsor forums for questions and concerns.

Shared Governance

Strong governance depends on clarity and evidence.

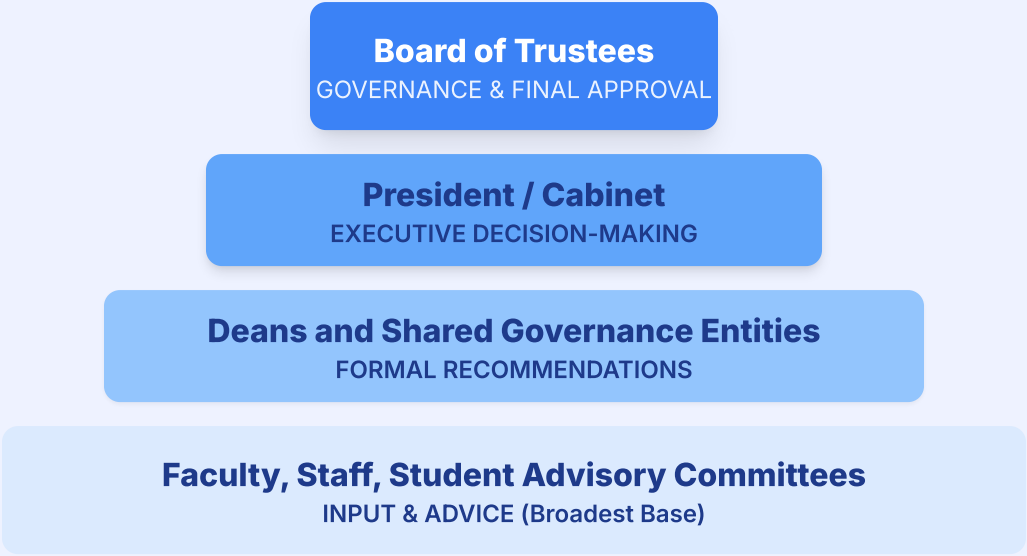
Key Practices

 Clarify who **advises**, who **recommends**, and who **decides**

 Use **data-driven models** (activity-based costing, student metrics, hybrid funding).

 Schedule **regular budget reviews** to adapt to revenue/enrollment shifts.

The Governance Pyramid: Hierarchy of Input and Decision



Leading Through Financially Precarious Terrain

"Resource allocation is one of the president's most consequential responsibilities."



Always, but especially in financially troubled times, principled budget leaders need CPR:



Courage

To make necessary and, at times, unpopular choices that benefit and sustain the institution and the students it educates.



Participation

Of constituents who come together to provide input and feedback into emerging decisions that align with predeveloped criteria.



Resilience

To keep going even when it's easier to "stop here" or kick the can down the road.



A budget is more than a set of numbers—it's a compass calibrated by the university's North Star to keep it on track in times of calm and crisis.