1. **Policy**
   This policy governs the incentive budgeting strategy in which divisions of the college are permitted to carry forward from one fiscal year to the next a portion of the remaining balances in the spending accounts of the units within their division. The sharing of the unexpended balances in the non salary accounts between the Divisions and the College will be 50% to the Divisions and 50% reverting to Ramapo's unrestricted net assets.

2. **Reason for Policy**
   - Reduce or eliminate year end spending which in turn may increase the institution’s unrestricted net asset balance.
   - Increase accountability for spending decisions at the unit level.
   - Enable Divisions to develop reserves to meet contingencies, purchase equipment that would be too costly to acquire within a single years' budget allocation, or provide funds for strategic initiatives.

3. **To Whom Does the Policy Apply**
   President and Senior Officers
   All Unit Directors

4. **Related Documents**
   Procedure
   [http://ww2.ramapo.edu/facultystaff/budget/](http://ww2.ramapo.edu/facultystaff/budget/)

   The incentive reserve will be calculated after the final accounts payable check run of the fiscal year based on the unexpended non salary account balances within each unit. The incentive reserve will be calculated on a unit level and set up as a reserve of net assets. Each Division Vice President will be notified of their portion of the reserve balance by unit.
The Incentive Reserve funds will be allocated by Division, not by unit. It will be the Division Vice Presidents prerogative on how to use and distribute the funds available.

The reserve will be available to the Division in the current or future years. Any unit requesting additional funds during the fiscal year must make the request through their Vice President. The Division Vice President or designee will make the decision on the validity of the request and notify the Budget Office of the amount and unit if funds are to be distributed.

Reserves set aside for this program will not be taken back but could be tapped to meet a College emergency but would be restored in full within the earliest reasonable timeframe.

Accumulated reserves would not have a timeframe limitation but would be limited to 10% of a unit’s non salary accounts in a single year and to no more than 50% of a single years’ over the term of the reserve. Any increases to unit budgets approved during the year that resulted from inadequate budget controls will be deducted from the available balances prior to the calculation.

5. **Contacts**

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