

# Strategic Budgeting Workgroup

December 18, 2006



## Recap of last time

- Reviewed purpose
  1. Evaluate alternatives to move away from incremental budgeting and equip UCSC to fund its most strategically important needs
  2. Make recommendations to Dave
- Covered several principles
  - Align authority/accountability/resources
  - Range of options, used in combinations
  - Inherent complexity of resource allocations and tradeoffs, need to accommodate core programs and support



## Recap of last time

- Described some decision factors
  - E.g., target amount of funds, strategic clarity, preferred level of decentralization
- Discussed need to communicate about this process
  - Presentation to Senate
  - Other steps to reach broader community

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## Other processes

- Last time we also mentioned initiative to collect information on major needs over 5 years
- P&B has outlined this process further and how it integrates with the review of alternative methods

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## Recap of last time

- Covered several alternatives in depth
  - Tax budget
    - UW example
  - Sweep carry forwards
  - Salary savings
    - Another UW example
  - Program reduction/elimination
    - Nebraska, Tulane
  - Resource realignment/rebasing
    - Ohio State example

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## This time

- Pick up where we left off
  - Continue detailed look at selected approaches
  - More quickly cover remainder of approaches
  - Discuss which options to investigate in more depth

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## Reallocation models (assembling resources)

- Tax budgets
- Capture salary savings
- Eliminate or reduce programs
- Transfer funds between units
- Redirect fund streams
- Hold back some incremental funds
- Cost cutting
- Reduce quality of service or work conditions
- Process improvement
- Mandate internal reallocations in units

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## Allocation models (distributing resources)

- Resource realignment/resetting
- Responsibility Center Management
- Leadership discretion
- Initiative processes
- Across the board increments/decrements
- Activity-Based Budgeting
- Formula budgeting
- Process budgeting
- Zero-Based Budgeting

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# Decision factors

- Scale/\$ range
- Impact
- Incentives (desirable and not)
- Preferred model for decision-making and authority (e.g., degree of decentralization)
- Parallels in practices at different organization levels
- Strategic clarity
- Restrictions and policy
- Complexity/cost

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