

**Southern Illinois University Edwardsville
University Congress Session II Recap**

4. Should SIUE move to a different budget model and, if so, what principles should guide this model?

What are the biggest problems associated with SIUE's current approach to budgeting?

- Lack of incentives to save or spend wisely was most frequently mentioned problem
- Lack of flexibility
- Not strategic due to reliance on annual state budget cycle
- Leads to inertia
- Current allocations no longer reflect current needs/costs
- Variability in approaches across the university
- Current budget not tied to tuition/revenue being generated by units

What attributes of the budget alternatives that were described do you particularly like/don't like?

- Responsibility-centered management
 - Likes: provides incentives
 - Dislikes: could create internal competition; uncertain effect on supporting units
 - Comment: while possibly optimal for units, could it be suboptimal for the university?
- Zero-based
 - Likes: requires an examination of true costs
 - Dislikes: very labor intensive; uncertain outcome
 - Comment: could this be done periodically?
- A purely quantitative approach may miss some important factors (applies in particular to RCM, performance- and formula-based approaches)
- See first section for comments pertaining to incremental approach
- A number of tables commented that we need some sort of hybrid system

If we are to change our approach to budgeting, what principles need to be considered as the new budget model is designed?

- Increased transparency
- Must provide incentives (growth, innovation...)
- Flexibility
- Accountability

- Tied to university mission
- Supporting units need fair treatment
- Better education for entire campus
- Needs to reflect costs and revenues
- Consider some central control to temper fluctuations across budget periods

STRATEGIC CONCLUSIONS:

1. SIUE should redesign its budgeting process
2. A hybrid budget model should be considered as all of the “pure” approaches (RCM, zero-based, incremental, performance-based, formula-based) appear to have flaws—at least in our context. The new model should be designed with as many of the aforementioned principles as possible.

ACTION ITEM:

1. The chancellor and UPBC will appoint an ad-hoc committee of the UPBC that is charged with designing a revised, hybrid budget model for SIUE. The revised approach should take into consideration the principles and guidelines developed by the SIUE Congress. The target date for establishment of this committee is March 1.