University of Houston – Clear Lake
Planning & Budgeting Committee (PBC)

November 8, 2018
11:00 – 12:30
Bayou B1302

Meeting Agenda

Mark Denney — Dr. Tim Michael
PBC Vice-Chair — PBC Chair

I. Action Items

A. Approval of October 4, 2018 minutes.

II. Information/Discussion Items

A. Strategic Hiring Committee – Monthly Update Report of Actions
B. FY18 Recap – Actual vs. Budget and Key Analysis to Variances
C. FY19 Projections, Variance from Budget, and Impact of Enrollment
D. Enrollment Reporting
E. Update from Budget Task Force
F. FY20 Budget Initiative Process (formerly called Priorities)

University of Houston Clear Lake

Planning and Budgeting Committee (PBC)

November 8, 2018 – 11:00 – 12:30 Bayou 1302

Members In Attendance

Sara Costello, Pat Cuchens, Mark Denney, Nick Kelling, Daniel Maxwell, Tim Michael, Carol Pruitt, Darius Randle, Deja Sero, Leigh Ann Shelfer, Mark Shermis, Laura Wilder, Chloris Yue

Members Absent

Steven Berberich, Michelle Giles, Gene Shan, Paul Withey

Alternates Present

Yvette Bendeck, Karen Fiscus, Ju Kim, Kathryn Matthew, Pat McCormack, Cengiz Sisman

Approval of Minutes

The Chair asked if there were any changes or corrections to the October 4, 2018 minutes. With no changes or corrections noted, a motion was made and seconded to accept the minutes as presented. ***(Minutes approved)***

Information/Discussion Items

❖ **Strategic Hiring Committee – Monthly Update Report of Actions**

Vice President Mark Denney said that at our last meeting Dr. Berberich gave an overview of the Strategic Hiring Committee and its function. VP Denney said before any positions get posted Dr. Blake wants them to go through an official vetting process. The Strategic Hiring Committee makes sure there is enough information about the position before posting and does initial review – is the request for a new position, existing position, but requiring new dollars, or a simple replacement that is already budgeted? Dr. Blake ultimately makes the final decision about whether the position is filled as requested. He said this gives some transparency across campus as to what hiring decisions are being made. VP Denney said this committee [PBC] had requested a monthly report from the Strategic Hiring Committee in the October PBC meeting. He reviewed the list below and said this is the list from October that was forwarded to Dr. Blake for her approval. There were a total of five positions for October and two were returned for additional information (Program Coordinator II and College Business Administrator). He noted that the two police positions should be listed as backfill vacancies instead of staffing shortage. He said the Strategic Hiring Committee has met one additional time, and that list has not been sent to Dr. Blake. Ms. Pat Cuchens asked for clarification regarding whether or not the hiring (requesting) managers were supposed to be called in when clarification is needed on a position. VP Denney said he would check with Dr. McGonagle regarding the timeline and follow up information requests. He said once the Strategic Hiring Committee has made their recommendation they forward it to Dr. Blake and the hiring manager will be notified. He will check with Human Resources to see if there is a report that gives the status of all positions. Dr. Maxwell said if a position is sent to Dr. Blake for final approval, and she signed off on it then Dr. McGonagle would go back to the hiring manager and give them that information. HR would also notify the hiring manager if a position was not approved. After the Strategic Hiring Committee meets, Dr. McGonagle takes that list to Dr. Blake and she makes her decision then.

Strategic Hiring Committee - October 26				
Position Title	**Department**	**Division**	**Action**	**Reason for Request**
Program Coordinator II	Dean's Office	CSE	Returned for more information	Backfill Vacancies
Financial Aid Counselors (2)	Holly Nolan	Enrollement Management	Approved	Backfill Vacancies
Police Offers (2)	Campus Police	A&F	Approved	Staffing Shortage
Police Corporal	Campus Police	A&F	Approved	Staffing Shortage
College Business Administrator	Dean's Office	HSH	Returned for more information	Retirement

❖ **FY18 Recap – Actual vs. Budget and Key Analysis of Variances**

VP Denney reviewed with the committee the University of Houston-Clear Lake Education and General Operations chart (see below). He said the chart is broken up by the various divisions within the university, and they are working on automating this process to make it easier to update. He said a lot of our tuition revenue does not get allocated and it stays at the general institution level. This chart is a replication of how we code transactions at the university. He explained the difference between Statutory Tuition, Designated Tuition and Differential Designated Tuition.

> **Statutory Tuition** – When a student pays their tuition we give that straight to the state and they run it through an allocation model. It is then given back to all of the higher education institutions based on how we earn it through the model.
>
> **Designated Tuition** – That is our base rate of tuition that students pay for any course. It is retained by the institution, currently at the General Institution level.
>
> **Differential Designated Tuition** – This is tuition that all of our colleges charge on top of the base to account for their unique specific costs. Those dollars are within each individual college and they retain those dollars.

VP Denney said this chart is "Education and General Operations", or E&G and not a viewpoint of the entire university. Primarily, it excludes auxiliary operations, because those are designated for operations outside E&G. In FY18, we had a structural deficit of $7.5 million that we covered with fund balance. This presentation is a balance between revenues and expenditures. VP Denney said we ended the year a negative $285,000 because we improved revenue by $3.2 million and we cut spending by $4 million. The combination of those two almost got us to balanced operations despite a significant deficit budget. In FY19, we still have a structural deficit and we have to either cut spending or grow revenue or have some combination thereof. He said once we settle on a format that works for everyone we are going to move to a financial pro forma report that projects out 4 or 5 years. That will allow people to see what we are looking at today, what we are projecting for revenue and expenditure trends going forward and our structural deficit and fund balance. VP Denney said, ultimately, we want to use Hyperion, a new budget software tool, to create this for us so that we can make these reports and settle on a format. When we have campus-wide discussions about the budget we plan to use this same format so that people become familiar with it and know how to read and understand it.

The goal is for everyone to understand why a number changes and what decision drove it to change. VP Denney encouraged everyone to be as engaged in the Strategic Planning Process as possible and know what we are doing and have your voice added. He said within the Balance Scorecard there are four basic categories of metrics (1) financial (2) process improvement (3) customer service (4) learning and growing (how are you developing your staff?). These are the four key elements of the balance scorecard.

Note: the column labeled "UHCL Total" is the FY18 Actual results for the University in total, which can be compared to the Budget, represented by the column labeled "FY18 Budget". The data in the individual columns: President, Academic Affairs, etc. are actual results for FY18, not budget.

UNIVERSITY OF HOUSTON-CLEAR LAKE Education and General Operations

		President	Academic Affairs	Student Affairs	Admin & Finance	University General	UHCL Total	FY18 Budget
Sources		Total	Total		Total			
Tuition	Statutory	-			-	17,920,097	17,920,097	18,008,805
	Designated	-	-		-	36,093,837	36,093,837	34,213,526
	Differential Desig	-	2,424,201		-		2,424,201	2,041,543
	Fees	-	8,479,047	108,708	420,715		9,008,470	8,590,774
	Remissions	-	(392,788)	(3,325)	(25)	(4,674,152)	(5,070,290)	(4,999,157)
	Total	-	10,510,460	105,383	420,690	49,339,782	60,376,315	57,855,491
					-			
State Appropriation		-	450,138		-	33,720,219	34,170,357	34,170,357
Staff Benefits Appropriation			-			7,803,555	7,803,555	7,528,449
Other		41,249	1,403,654	48,002	1,027,218		2,520,123	2,058,098
Transfers In/(Out)		-	1,189,520		-	(2,582,814)	(1,393,294)	(1,393,294)
Total Sources		**41,249**	**13,553,772**	**153,385**	**1,447,908**	**88,280,742**	**103,477,056**	**100,219,101**
Uses			-				-	
	By Object Code		**-**				**-**	
	Labor	**2,118,462**	**50,103,465**	**467,201**	**6,812,662**	**17,111,293**	**76,613,083**	**77,977,898**
	COG	**-**	**42,070**		**157,526**	**-**	**199,596**	**489,000**
	Recovery	**(7,515)**	**(568,983)**	**-**	**(106,348)**	**(170,000)**	**(852,846)**	**(1,078,225)**
	M&O	**1,048,601**	**14,442,866**	**246,863**	**3,884,771**	**2,751,433**	**22,374,534**	**25,711,819**
	Debt Service	**-**	**-**		**-**	**2,646,385**	**2,646,385**	**1,472,826**
	Capital	**-**	**2,744,599**		**37,035**		**2,781,634**	**3,199,303**
Total Uses		3,159,548	66,764,017	714,064	10,785,646	22,339,111	103,762,386	107,772,621
Net of Operations:+/(-)		**(3,118,299)**	**(53,210,245)**	**(560,679)**	**(9,337,738)**	**65,941,631**	**(285,330)**	**(7,553,520)**

❖ **FY19 Projections, Variance from Budget, and Impact of Enrollment**

VP Denney said we had a 5% increase in SCH from what we budgeted, and that will generate about $1.7 million in revenue. Technically the actual dollars coming in is $1.9 million, but when you back out the projected bad debt from students that do not actually pay tuition that gets us to a net of $1.7 million. He said our 3% cut for next year was about $1.7 million, so you can say we have earned enough additional revenue that we do not have to do the 3% cut, assuming we were projecting that this year's enrollment growth over budget will persist next year. We have to remember that we still have a structural deficit of $7.5 million. Dr. Bendeck said we will lose about 1,200 students in graduation and we will not replace all of them, indicating that enrollment growth next year will be a challenge. We will see something below 9,000 in spring. VP Denney said we know our enrollment growth for the current semester, but that does not mean we are going to adjust the pro forma. He said what is budgeted and what is built into the financial pro forma is going to be an inclusive and comprehensive conversation across campus and will be a projection of demonstrated trends. We are going to try to be very collaborative with what numbers are put into that for projections.

FY19

Budget SCH: <u>80,027</u>

Actual SCH: <u>84,627</u>

Total % Increase: **5.75%**

Additional Revenue $1.7 Mil

(include waivers/exemptions, bad debt write-offs, TPEG, and Set-Aside)

❖ **Enrollment Reporting**

VP Denney said we will be working with Enrollment Management and he wants to get a broader conversation across campus of what enrollment is, because that is our primary revenue source and the financial pro forma will be tied to this. Dr. Bendeck said the Monday after they close early registration Enrollment Management will begin to release weekly tracking to the university that shows enrollment compared to the previous year.

❖ **Update from Budget Task Force**

VP Denney said the Budget Task Force has been meeting for ten months and they are looking at various budget models that higher education implements. They have narrowed it down to four general models for a comprehensive budget.

1. **Formula Based Model** – This model relies upon a funding allocation formula. It can be very simple and have one allocation factor or you can make them very complex and have a whole series, and each budget line item can have its own formula. The strength of this process is that it is very objective and not subjective. It can be very inaccurate because the formula gave you an answer, but you do not know if that is the right answer.
2. **Incremental Budget Model** – This model is basically what we currently do at UHCL. You take what was spent last year and increase or decrease depending on the climate and financial conditions. In a crisis, everyone gets the same cut and that is obviously the strength because it is easy to do. The weakness is that it is inaccurate in dealing with the differences between different divisions.
3. **Zero Based Budget Model** – This model starts everyone with zero and builds the budget piece by piece until the total budget has been explained. You justify your budget at the start of each year. The strength is that is very detailed and gets everyone engaged in the budget process, because they have to defend their budget each cycle. It lets you know why you are paying certain dollars for things. The weakness is that it requires a large amount of work and effort.
4. **Revenue Cost Model (RCM)** – This model lets us assign direct revenue and expenditures to each department. If a unit generates a revenue, they get it and if they have expenditures, they get charged those as well. We currently charge the expenditures direct cost to all of our departments, but we do not allocate direct revenue. You can have an overhead charge that every revenue center pays as well. The strength is that you see where you are generating revenue and where you are not, which allows you to focus your attention on where you are not generating what you expected. It delegates down to lower levels the ability to make decisions because if they are making a profit then they have those additional

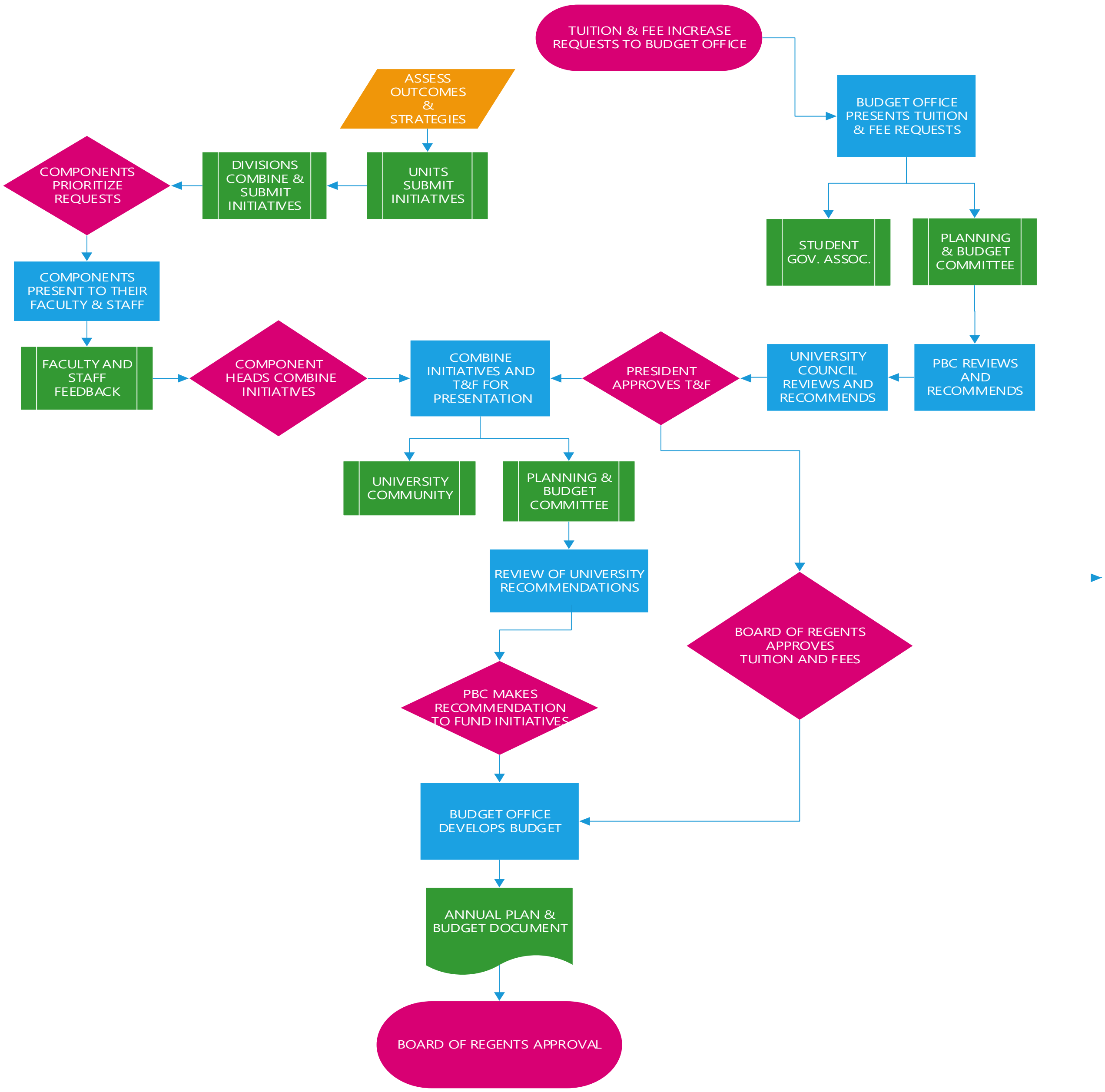
resources to invest to grow enrollment even further. A disadvantage is that it can focus the attention on making "profit" as opposed to some larger things that are university goals and values that may not necessarily be profitable.

VP Denney said the Budget Task Force is looking at a supplemental budget process and they have looked at two basic models. One model is "initiative-based" and requires units to propose an initiative that gets vetted, routed and commented on in various places. The initiative is either funded or not funded. The other model is "performance-based" and you set performance metrics for each department. The departments are financially rewarded for achieving those performance metrics, and then they can use that financial reward to invest in other things. Within the RCM or any of the models, the capacity exists for any department to have its own internal investment. VP Denney said our current process allows units to invest it in that year, because at the end of the year remaining fund balance gets swept. He said the Budget Task Force will be discussing what level of retention of savings happens at the department level and what comes back to the university. The committee is currently in Phase One, which is making a recommendation to core leadership of the base model that they are going to recommend. Once that presentation has been made and accepted by Dr. Blake the Budget Task Force will begin Phase Two, which is taking the base model and deciding how we would do it at UCHL. On all of these models there is a spectrum on how we could implement them, how simple or how detailed we would want to do them. The Budget Task Force will be making a recommendation on what the primary model is, and exactly what it would look like at UHCL. That proposal would then be forwarded, and if approved, the task force could begin developing a timeline for implementation, Phase Three. VP Denney said he thinks it is possible that we could have planned all three phases by the time we are doing the FY21 budget and that we are implementing whatever is the first phase of that process. He said we will be going live with Hyperion this year, which is a software product that works with PeopleSoft. It allows us to build our budget in Hyperion and then load it into PeopleSoft. Because it extracts actual data from PeopleSoft it allows us to use it year round. UH has already purchased this and we are adding on to their purchase, which makes it a lot cheaper than buying it on our own.

- **FY20 Budget Initiative Process (formerly called Priorities)**

VP Denney said we are going to have an initiative process even if we are unable to fund it. That way we know what we could be doing if we had the resources. Ms. Deja Sero reviewed the below chart with the committee. She said this will be our initiative process from the budget standpoint. It ties in everything that happens throughout the beginning of the year and all the way through budget development. We just did an assessment and had to access prior years and set methods for the next year. A few years ago, we started doing Tuition and Fee Requests on a two-year basis. However, every year we can bring auxiliary fees to the Board of Regents. Last year was our two-year cycle and we increased designated tuition for both FY19 and FY20 and included an increase to the student services fee. We did not include differential designated tuition. The fee requests are submitted to SGA and PBC for review in the fall semester. In the past, we would have university-wide meetings from the component heads, with the last combination presented to the university community and PBC. PBC will put forth its recommendation on the order of the priorities. These are only recommendations, as PBC does not have authority to approve or disapprove.

The Budget Office forwards this to Dr. Blake and she will decide what is submitted to the Board of Regents. Once the BOR receives the budget presentation for the Tuition and Fee Request, they will either approve or disapprove what they want to see in our budget. Once we know what we are allowed for our tuition increases and our projections we will know where we can make those commitments. Ms. Sero said the Planning and Budgeting calendar explains all of these steps.



With no further business to discuss, this meeting was adjourned.

Next Meeting

December 6, 2018 – Bayou 1302

Additional Information – Comprehensive Budget Models

Comprehensive Budget Models

1. **Formula Budgeting**
    a. Overview
        i. This model utilizes an allocation process that can range from simple to complex. Budgets are established based on this allocation process. Revenue to expense balancing or Income/Loss analysis is done at the highest level, individual managers are expected to maintain their relationship between actual expenditures, and the allocation factors. Examples: Expenditures per student credit hour – if student credit hours increase, budgets and therefore expenditures can increase proportionately. Allocation models can be linear or on a curve, recognizing economies of scale. Allocation models can use one formula that includes all expenditures, lumped together, based on a single formula, or each type of expenditure (faculty/staff labor, benefits, M&O, Travel, capital equip, etc.) can have a separate allocation formula, based on the analysis of the institution.

    b. Pros: The quantifiable nature of most budget formulas gives them the appearance, if not always the reality, of unbiased budgeting. Formula budgeting can create increased institutional autonomy by removing the sometimes political nature of budgeting. Finally, due primarily to the significant effort in establishing allocation formulas, budgets tend to remain fairly stable over time and can, in a stable environment, simplify allocation projections.

    c. Cons: Due to significant reliance upon historical data, Formula budgeting can discourage innovation, new programs, or revisions to existing programs. Additionally, it is very difficult to adjust formula allocation methods to the marginal cost of expansion, but are often based on the average cost vs. marginal cost thereby miss-allocating resources or further discouraging innovation due to inaccurate negative budget projections. This is particularly seen in how the marginal cost compares to the average cost in opposing fashion when enrollment is increasing vs. when it is decreasing.

2. **Incremental Budgeting**
    a. Overview
        i. In this model, each program's budget increases or decreases by incremental amounts, based on either new initiatives or, in times of austerity, reductions are often in percentages of existing budgets. This approach relies on the fact that basic aspects of programs and activities do not change significantly year over year and in any given year, the change in available resources represents a small percentage of the base budget. Because individuals and organizations spend their resources with little variation, marginal resource additions can accommodate any needed changes. Unlike many industries, including some equally labor-intensive ones, higher education does not experience significant work force fluctuations over short periods. Although they contribute to this characteristic, tenured faculty represent a relatively small percentage of the total workforce at many institutions. Rather, the work force does not change from one period to another because the number of service recipients (students) does not change significantly from year to year.

    b. Pros: By far, incremental budgeting is the most efficient, simple to apply, easy to manage, more controllable, more adaptable, more flexible, primarily due to the general lack of emphasis on any analysis. It avoids conflict as it treats all institutional components equally.

c. Cons: Incremental budgeting carries two faulty assumptions:
    i. First, it assumes the current distribution of resources across all activities and programs is optimal, which is highly unlikely, some activities have more resources than they can reasonably use, and others are significantly under-resourced given their potential for success.
    ii. Second, it assumes that a standard percentage increase or decrease will advantage or impair each program or activity optimally relative to the whole, again, highly unlikely. Neither increases nor decreases will greatly affect units with more resources than they need, conversely, units with insufficient resources may not receive enough new resources to allow them to succeed or cuts may curtail their efforts to such an extent as to impair the entire institution.
    iii. Over time, this approach will drive an institution to mediocrity. Poorly performing units will continue to consume resources beyond their contribution and high-performing, high-potential units do not garner enough resources to leverage their efforts for better results.

3. **Responsibility Center Budgeting** (Responsibility Center Models or RCM)
    a. Overview
        i. Often known as Cost Center Budgeting, Profit Center Budgeting, and Revenue Responsibility Budgeting. It emphasizes program performance rather than central budget control. The essential characteristic is that units manage and control the revenues that they generate. Under this model, schools, colleges and other organizational units become revenue centers, cost centers, or a combination of the two. All revenue generated by the unit remains under their control. This includes tuition, fees, overhead on research, gifts, endowment, and proceeds from sales and services of educational activities. In exchange for controlling all of their revenues, units assume the responsibility to fund all of their direct and indirect costs. Faculty salaries and benefits, direct M&O expenditures, travel, and indirect allocations for space related costs such as labs and classrooms. Additionally, profit centers must assume the cost of supporting cost centers such as central administration and other overhead. This is typically done by an allocation method, or tax. For easily measured services received such as those from facilities and maintenance, direct charge-back processes are often established. For other indirect overhead costs such as Finance and Accounting or Enrollment Services, an allocation tax on revenue is often utilized. Central support centers are often partially supported by unallocated revenue such as investment income unrestricted gifts and endowments that can lessen the tax on Profit centers.
    b. Pros: This model provides incentive to centers to generate revenues and restrict costs it can also bring attention to the cost of scarce campus resources such as space and IT resources. RCB forces a much broader understanding of institutional finances as many overhead costs are born centrally before resources are allocated and many faculty and staff lack an appreciation for the true cost of many of the centrally provided services. Having to pay for these services can lead to optimal utilization of these services, especially in terms of space utilization. Additionally, service providers must become more responsive when Profit Centers are not required to procure services from the institutional provider and potentially compete with commercial vendors, they are forced to operate at maximum efficiency or dissolve.

c. Cons: Critics stress that RCB forces unduly on the bottom line and does not respond adequately to issues of academic quality or other priorities. Other criticism is that decisions made by individual units, though they may be advantageous to that unit, can still be disadvantageous to the institution as a whole, potentially creating duplication of services as profit centers choose to create their own rather than utilize central services, or more devastating (to students), duplication of courses already provided in other schools or colleges in order to retain the tuition revenue.

4. **Zero Based Budgeting**
    a. Overview
        i. In essence, Zero Based Budgeting is at the opposite end of the spectrum from Incremental Budgeting in that where Incremental Budgeting emanates from centralized management and employs across-the-board distributions, ZBB focuses on the individual program or activity and assumes no budget from the prior year, instead each year's budget begins at zero. Each budget evaluates its goals and objectives and justifies its activities based on each activities benefits and the consequences of not performing it. This evaluation takes the form of a decision package, which includes a description of the activity, a definition of alternative levels of activity (usually a minimum and maximum), performance measures, costs and benefits. Decision packages are prioritized and moves up the budget review process ultimately resulting in allocation decisions, either as recommended, or at one of the alternative performance level.
    b. Pros: Proponents argue that ZBB allows for a greater understanding of the organization through the preparation and prioritization of the various decision packages and by its nature, eliminates a protected budget base for each activity. With no funding guarantee, each unit must prove its own worth, facilitating the ability to eliminate programs that have outlived their contribution to the institution.
    c. Cons: Preparing the decision packages and the subsequent prioritization through the process can consume significant amounts of time and institutional energy and generate a considerable amount of paperwork. Additionally, agreeing on priorities can prove exceedingly difficult. Opponents argue that routine program review, with the addition of a financial element can achieve the outcomes of ZBB without the paperwork and time. A significant criticism is that ZBB assumes no budget history and therefore does not recognize budgetary commitments such as tenured faculty and contracts with key administrators. Most labor-intensive institutions such as higher education cannot initiate and terminate activities quickly. ZBB is often called the "All or Nothing" option, but it does not have to be that way. ZBB techniques can be applied selectively in a hybrid model alternatively with Incremental Budgeting applied to other units. One example would be a five year cycle, where 20% of budget units would undergo ZBB each fiscal year. Another partial implementation option could be that a fixed base can be guaranteed, say 80% and only the additional 20% is subject to ZBB for all budget units annually.

<u>Special Purpose Budget Models –</u> Special Purpose Budget Models are not comprehensive budget models in that they are not designed to address the entire range of an institution's budget, but is instead an incremental model that supports budgeting beyond a unit's "Base".

5. Initiative Based Budgeting
    a. Overview

i. Initiative-based budgeting represents a structured approach to distributing resources for new initiatives that support established priorities. To finance the initiatives, institutions typically take one of the three common approaches:
    - <u>Capture centrally a percentage of the expected increase in resources for the period</u>. This typically modest amount of revenues (for example 2%) is isolated in a pool that then supports priorities established through the planning process.
    - <u>Establish reallocation targets for each unit</u>. After examining operations and identifying activities to discontinue or curtail, units free up resources to meet the reallocation target. This approach provides the side benefit of ensuring that units review the productivity of their existing activities.
    - <u>Rely on the contingency funding included in the expense budget</u>. If the institution does not need the contingency budget to cover overruns or revenue shortfalls, it can devote some or all of the funds to IBB.

6. Performance Based Budgeting
    a. Overview
        i. During the early development of public administration budgeting, the budget was viewed as an instrument of expenditure control. Performance Based Budgeting signaled a shift to a management orientation by focusing on programs and activities that became ends unto themselves. Specifically, PBB focuses on outputs and outcomes such as the number of graduates or graduates finding employment in relevant industry. This technique has regained popularity, particularly at the state level. The modern form of PBB:
            - Relates resources (inputs) to activities (structure) and results (outcomes)
            - Defines specific outcome measures in either quantitative or qualitative terms
            - Has accounting structures that attempt to relate resources to results
            - Defines explicit indicators of input-output relationships or indexes relating resources to outcomes
            - Specified goals in terms of performance measures (that is, desired input-outcome ratios)
        ii. Applying the newer forms of PBB in the public arena often proves challenging as the development of performance measures typically flows from the state to the institution and frequently doesn't reflect an understanding of the factors that influence the measures. Outcome indicators are sometimes viewed as relatively meaningless because they are linked with program budgets only at the highest level of aggregation. This may disconnect the indicators from the activities that actually drive the results.
        iii. Analysis of PBB application among states currently using it in Higher Education is that the level to which PBB is applied to the total funding is significant. Application of too small of a portion of possible funding and institutions do not attempt to alter their outcomes, but too much (and therefore too little "Base") can create instability in funding streams creating serious barriers to long term investment and planning.

Possible Rubrics. Below is a list of possible rubrics that the Budget Task Force could use to score the various comprehensive and special budget models toward the goal of reaching a recommended model.

1. Aligns activities to outcomes – recognizes those actions that drive both revenue and cost impact.
2. Aligns budget authority with the impact of budget decisions
3. Incentivizes efficiency and effectiveness of the budget unit
4. Allows for institutional reserves
5. Allows for budget unit reserves
6. Aligns the Budget to planning
7. Promotes transparency in the budgeting process
8. Promotes engagement across budget units
9. Sustainable given existing processes, available analysis, etc.