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This chapter presents information to help senior student affairs officers first establish themselves as experts in division-level budgeting and then go on to become leaders in university-wide budgeting.

Becoming a Leader in University Budgeting

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This chapter explains what senior student affairs officers (SSAOs) and those aspiring to the position should know and do in terms of budgeting to make the transition from division to university leadership. Before SSAOs can help lead any university-wide budget process, particularly ones that unfold amid fiscal decline, they must master divisional practices as a foundation. Toward that end, this chapter first reviews the steps that managing and aspiring SSAOs should consider when preparing divisional budgets: initiating and maintaining a meaningful strategic planning process, knowing intimately each of the budgets that constitute their overall portfolio, and meticulously responding to and involving others in the budget call or exercise.

Once they have their own shop in shape, successful SSAOs move beyond division-level budgeting to hone their macrolevel strategic and operational planning skills. These skills, reviewed next, include developing a refined understanding of the various roles of the university budget and both designing and marshaling data-driven supporting materials to actualize those roles.

In addition to examining the potential functions of the budget, budget-savvy SSAOs must study viable budget models. Hence, this chapter ends by reviewing and then delineating the advantages and challenges associated with four budget models—incremental and decremental, zero based, responsibility centered, and initiative based—commonly used in institutions of higher learning.

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Conceptualizing and Implementing a Divisional Process

Before an SSAO can serve as a leader of the university's budget process, she must be, and be perceived as, expert in divisional budgeting. Therefore, this chapter begins with a review of the fundamental practices that help SSAOs develop budget competencies at the divisional level: implementing a divisional strategic plan that manifests the institution's mission, knowing thoroughly all divisional budgets, and responding fastidiously to the budget call or budget exercise.

Using the University's Strategic Priorities to Shape Divisional Plans. In well-managed institutions that implement best practices, the budget serves as the quantitative representation of the university's strategic plan. It is vital for SSAOs who serve in such institutions to play a central role in conceptualizing and implementing the university's strategic plan and to use that plan as the cornerstone for divisional documents that highlight mission, vision, and values. If the budget truly serves as the financial representation of the strategic plan, then resources will follow the plan's priorities in both prosperous times and tight years alike. When SSAOs map those priorities in specific and concrete ways back to the division, they almost guarantee their departments some financial support.

Before deploying a budget process built on a university's particular mission, vision, and values, however, SSAOs must understand the conception of academic strategic planning on their home campus. Some define it as an ongoing process of relevant and effective adaptation to environmental change (Meyerson and Johnson, 1993; Peterson, 1999). Others (Rowley, Lujan, and Dolence, 1997; Schuh, 2003) conceive strategic planning as the optimal alignment between an institution's programs and structures and the key components of its internal and external environment. Regardless of the exact definition an institution employs, a comprehensive strategic planning process typically includes a preplanning stage, an environmental scan and prioritization phase, an implementation plan, and an evaluation process, and effective SSAOs are involved in each phase.

During preplanning, the SSAO should work with those charged with strategic planning to revisit broadly the university's mission, vision, and values statements and any related governing documents. During this stage, the SSAO should solicit feedback from her division regarding the current renditions of these statements. Do these guiding documents, for example, put students at the center of the university? If not, should the division make note of this and recommend future revisions? The SSAO should share appropriate recommendations with those who are crafting or revising the university mission, vision, and values—all of which subsequently frame the divisional documents that guide the work of student affairs.

The next stage of the strategic planning process often includes a SWOT analysis—one that identifies the institution's Strengths, Weaknesses, Opportunities, and Threats—or another type of environmental scan. The purpose of the SWOT analysis is to produce a short list of priorities that the university will tackle during the next three to five years. Some of the emerging priorities should capitalize on the university's current strengths and opportunities; others should confront the existing or anticipated threats and weaknesses that make the university vulnerable. Like the mission, vision, and values statements drafted in the preplanning stage, both the summary of the SWOT analysis and its corollary priorities should be shared with campus constituents. The SSAO is one of many managers who can appropriately facilitate this dissemination.

After the priorities have been formulated and circulated around campus, the planning team (possibly in conjunction with a broader group of university members) must develop action plans that address the priorities and benchmarks that chart the university's progress in reaching them. The SSAO's input at this stage will direct the future work of the campus and the division. Many who write about strategic planning suggest that action plans be developed at the unit or departmental level (Woodard and von Destinon, 2000; Meyerson and Johnson, 1993). However, although this type of vertical planning may be a necessary part of the implementation process, it is by no means sufficient. Departmental plans must be augmented by cross-divisional ones to fully address the multifaceted and complex priorities that surface from SWOT analyses. Cross-divisional plans may be conceived as horizontal ones that draw from, depend on, and connect to various units across campus. Since most SSAOs represent numerous constituents and are often perceived as engaged campus citizens, they may be particularly effective at facilitating horizontal planning. Once departmental and cross-divisional action and assessment plans are developed and data are collected, then evaluation, the final stage of strategic planning, begins.

During the evaluation phase, campus leaders assess the extent to which the implementation plans have been realized. This assessment can be measured in part by clarifying whether outcomes formulated during the previous stage have been achieved and whether predetermined benchmarks (or other types of measurable targets that go by any number of names) have been met. Progress and shortfalls alike must be communicated clearly to the campus community, and there should be little shame or defensiveness in not meeting every goal. Respectable benchmarks, after all, are set as stretch goals rather than as easy-to-hit targets. Well-designed and practical assessment is an iterative process that uses data-driven feedback and analysis to modify and improve programs and services. Like the assessment process itself, these stages of the strategic planning process flow into each other, inform each other, and constantly evolve with the SSAO's input and attention.

Ideally SSAOs will secure a seat at each stage. Early in the strategic planning process, this seat gives firsthand knowledge of the priorities that emerge from SWOT, allowing them to be aware of the context from which the priorities and benchmarks emerged. Being privy to inside conversations clarifies priorities in ways that go beyond merely reading their final iterations. The resulting clarification allows SSAOs not only to incorporate priorities explicitly into their divisional plans, but to address the nuances that may not be apparent to less-informed leaders. If a certain division subsequently demonstrates that it contributed to helping the university meet these priorities, then that division should be recognized in the budget decision process.

Since many campuses try to hold instructional activities harmless during budget crises, it is important that student affairs proactively make transparent the many connections that tie their own programs and services to the academic mission and priorities of the university. Otherwise student affairs may be vulnerable to disproportionately high cuts during budget recessions. The following point, then, deserves highlighting: the strategic plan should always be in operation since informed decision making never ceases, even amid a budget crisis. Indeed, a full-blown fiscal crisis may prompt an institution to curtail some of the action plans associated with meeting priorities. Still, whatever priorities are ultimately addressed during tough times should map directly back to those delineated in the strategic plan. To recap an important point that is often set aside and replaced by reactionary measures on far too many campuses, even in a looming or existing budget crisis, well-managed institutions neither abandon their strategic plans to idle in some sort of immediate resting place nor create a new or distinct list of strategic priorities to direct the pressing reductions that are likely to occur. A deliberate adherence to mission, goals, and priorities will likely provide university members with a sense of reassurance and steadiness amid trying and unstable times.

Comprehending Departmental Budgets. Just as SSAOs must have skillful knowledge of how the university's priorities shape divisional action plans, so must they have a thorough understanding of how those priorities are reflected in the multiple budgets that constitute their overall portfolio. While seasoned SSAOs understand the different types of budgets they manage, those aspiring to the position may benefit from the following overview that summarizes the types of budgets that typically constitute the total student affairs portfolio.

Operating Budgets. In most cases, the division's core budgets are known as the operating budgets. In each department, these budgets reflect all of the revenues and allocations received and all of the expenses incurred during a single academic year. Salary lines reflect the largest item in any college or university's operating budget (they hover around 75 to 80 percent; Goldstein, 2005). In some academic institutions, particularly private colleges, salaries may be teased out as a stand-alone line. In addition, the operating budget may be tapped for equipment, supplies, telecommunication, staff training, and travel. At some colleges and universities, this is the budget that also covers certain cost allocations such as utilities or charge backs for internal services (like technology, campus police, and maintenance upgrades) that the unit is expected to finance. In public universities, departmental operating budgets typically are supported by the general fund. The general fund is allocated by the state legislature to its state colleges and universities, often in accordance with some type of full-time equivalency (FTE) formula or per student subsidy. Other funds that may support the operating budgets of public and private colleges alike are student fees, endowments and gifts, grants, and sponsored programs.

Auxiliary Budgets. Student affairs' auxiliary budgets, which can easily account for more than 80 percent of an SSAO's budget portfolio (Woodard, Love, and Komives, 2000), reflect the revenues generated and the expenses incurred from enterprises such as residential life and housing, the student union, health centers, the bookstore, and food services. The revenues generated through auxiliary units not only support the expenses mentioned above (salary and operational) but all of the expenses incurred by the enterprise, including those that come from debt service, utilities, and infrastructure. In most institutions, public and private, auxiliary budgets are segregated from the general fund budget or the overall educational budget since the units they support are intended to operate without any subsidy from the institution (Schuh, 2003). Conversely, the revenues that auxiliaries generate are used to subsidize the institution's mission (Schuh citing Lennington, 2003).

Capital Budgets. In addition to managing operating and auxiliary budgets, many SSAOs also oversee the capital budgets that support the construction of new student facilities such as residence halls and recreation centers, the acquisition of property such as nearby apartments, or the major renovations of existing structures. In many cases, the capital budget includes borrowed funds that come in the form of construction loans or long-term bonds. A construction loan is usually a short-term one (often three years) that is meant to cover the land development and building construction costs of a property being financed. A long-term bond finances the purchase or construction costs of new facilities, including its major equipment and infrastructure; long-term bonds are to the university what a home mortgage is to an individual home owner (Goldstein, 2005).

The Reserve. To add another dimension to the three aforementioned budgets that SSAOs typically oversee, SSAOs who are permitted to carry over unexpended resources from one year to the next also manage another type of budget, the reserve. As the name suggests, reserves are the savings amassed and maintained when a department does not spend its entire initial allocation. On some campuses, the SSAO has jurisdiction to use the reserves at any point to support items that are at her discretion. At other institutions, she is expected to use the reserve within a particular timeframe to finance predetermined priorities.

To become entirely familiar with all of the budgets that constitute the whole, an SSAO, particularly one new to the position, must learn the policies and practices associated with each type of budget she oversees for her individual institution. No two universities handle budgeting exactly alike. On some campuses, funds from various types of budgets can be commingled, while on others, this practice is explicitly prohibited. The ways that monies are accessed and expended within a single type of budget also vary significantly from institution to institution. At some universities, the budget is organized by unique and impermeable line items. In contrast, other universities may allow frequent movement between budget lines as long as the bottom line is balanced.

The important point is that SSAOs must learn, as early in their tenure as possible, the policies, practices, and idiosyncrasies that govern budget processes at their institution. Fully grasping these nuances takes time and effort, neither of which is readily available during a budget crisis. On campuses facing budget crises, many SSAOs are forced to operate primarily in a reactive mode as they address budget edicts and rework reduction scenarios to align with the projections that are often changing. Therefore, the chances of an SSAO being able to make any creative or proactive budget decisions amid an economic downturn increase dramatically if she has honed her understanding of divisional budgets, their intended uses, funding sources, and peculiarities long before the crisis hits.

Responding to the Budget Call. At certain points in any academic year, the SSAO likely is involved in three distinct budget cycles concurrently: closing out the previous fiscal year, monitoring current year balances, and projecting revenue and expenses for the upcoming one (Barr, 2002). This makes the final step in divisional budgeting—knowing, in depth, the entire budget process (budget guidelines, cycles, underlying assumptions, possibilities for alternatives or troubleshooting, and deadlines for submission)—critically important. The most viable way for an SSAO to approach this step is to see her actions as being both proactive and reactive.

Clearly part of the SSAO's response to the budget call or exercise will be reactive: noting and adhering to guidelines, following precisely the directions of the call, completing budget forms accurately, and submitting final documents on or before deadlines. Accuracy, precision, and timeliness of budget materials are of utmost importance during budget reductions when reviewers must weigh competing yet important interests against each other.

It is essential, however, that the SSAO do more than respond to the call. In terms of being proactive in divisional budgeting, the SSAO must gather unit-level information from as many staff as appropriate, organize that information according to the budget instructions, disseminate the emerging draft back to staff, identify challenges, forecast problems, develop alternatives based on feedback, and submit, on time, all final documents, while keeping staff informed throughout the entire process. Managing all of these aspects of the budget cycle simultaneously may seem daunting, but once SSAOs become accustomed to the fluid give-and-take of communication, analyses, and action, the process becomes a manageable part of everyday duties.

Throughout the university, the budget process itself is as important as the final product. This is particularly true in student affairs, a division that characteristically attracts people-oriented staff who confer, consult, and deliberate together. The timely dissemination of budget assumptions, projections, and decisions is always important; it is especially crucial in troubled times when rumor mills and imaginations can conjure up notions that are far worse than what is in fact approaching. (Chapter Five on budget communications addresses this point and related ones in great detail.)

Understanding and Maximizing the Roles of the Campus Budget

In highly functioning universities that follow best practices, the budget assumes and noticeably performs three vital roles: supporting the strategic plan, illustrating how money follows mission; clarifying organizational work agreements between supervisors and their staff; and reflecting the trade-offs that have been made as part of the budget process. For any number of reasons, however, these roles are not fully enacted on many campuses. To help SSAOs execute these roles and meet the expectations associated with them, we examine the theoretical role being discussed and present a concrete mechanism that can help bring that particular function to fruition.

Supporting the Strategic Plan. The budget's preeminent role is to serve as the quantitative representation of the university's strategic plan. The budget unequivocally reveals to all invested parties where the institution is spending its resources, which subsequently highlights the paramount goals of the campus leadership team (Barr, 2002). In well-organized universities, the overlap between where the university is putting its financial resources, and what the strategic plan has highlighted as it prioritizes, is precise. In these institutions, the budget is not a loose representation but rather an actual "blueprint of what is important" (Barr, 2002, p. 30). On these campuses, the budget unambiguously substantiates that the university is putting its money where its mouth (or mission) is.

One way for SSAOs to emphasize the overlap between budgeting and planning is to create easy-to-read planning and assessment reports. These reports may be included in the divisional budget materials that SSAOs submit to the university president or university budget office. The reports should highlight the concrete strategies that are initiated and monitored by student affairs units in their ongoing quest to actualize university goals and address university priorities. There is no one way to write the reports, but the template designed by student affairs directors at California State University, Sacramento has worked well in terms of both departmental monitoring and securing additional resources during the university-wide budget process. (The reports can be downloaded from http://saweb.csus.edu/students/assessment.aspx.)

Organizing and Supporting Appropriate Workloads. Another potential role of the university's budget is to serve as an agreement of sorts among managers, their units, and their staff. In this sense, the budget has the capacity to be more than a quantitative instrument that metes out resources to departments and units; theoretically and practically, it can serve as an organizational catalyst that prompts managers and staff to work efficiently and effectively. To actualize the organizational role of the budget, SSAOs might consider using three budget-related strategies: workload estimators, cost savings, and activity-based costing.

Workload Estimators. Workload estimators are devices that measure both the "scope and magnitude of a service or program and who is served and benefited by these functions" (Woodard and von Destinon, 2000, p. 339). For example, in student affairs, workload estimators can be used to reflect how long it reasonably takes to complete a unique activity (reviewing an admission application, perhaps). This estimated time spent on each activity (in this case, thirty minutes of review time per application) is then multiplied by the total number of assignments that need to be completed during the specific time period (in this example, the overall number of admission applications that need to be evaluated during the priority filing months). This resulting product by and large reveals to managers how many staff hours are needed to assess applications and to make acceptance and denial decisions. The total staff hours can then be used to predict how many admission counselors will be needed, during the time frame allotted, to review the total number of applications received.

Workload estimators are useful evaluative tools in any budgeting cycle and can be especially crucial during tough cycles when allocations are likely to be reduced. In lean times, workload estimators can be used to corroborate the need for maintaining or increasing current staffing levels. During difficult budget cycles, many institutions protect instructional activity in ways that prompt disproportionate cuts to other areas. If such cuts are projected to hit key service areas like admissions, financial aid, the registrar's office, and the advising center—all of whose work is somewhat quantifiable in terms of time needed to serve projected users—then SSAOs can design workload estimators to verify the number of staff needed to complete essential assignments.

Cost Savings. Cost savings is another fairly straightforward strategy that SSAOs can use to maximize the organizational role of the budget. In terms of cost savings measures, SSAOs might propose various forms of cross-departmental training, possible outsourcing, unit mergers, consolidation of positions, keeping vacancies open, or the reductions of duplicative or similar services. However, overall divisional savings cannot be realized unless an integrative reduction plan is in place. In other words, real savings do not accrue if one unit is expected to absorb the reductions of another. (Chapter

Four examines how real savings accrue through mergers, outsourcing, and position shifting.)

Activity-Based Costing. Activity-based costing (ABC) is a specific cost-control mechanism that can add nuance to and maximize workload estimators and other cost savings strategies. The goal is to formulate reliable and usable cost information that genuinely reflects the "cause and effect relationships between costs, activities and products or services" (Hicks, 1999, p. 5). While ABC and other forms of cost accountability are frequently included in the everyday work of American business professionals and the budgets they design, they have been infrequently discussed and rarely incorporated into collegiate budget calls or supporting budget materials. Given this reality, SSAOs and other academic leaders may need to look to corporate America for best practices in this area.

Especially in tight budget times, universities are increasingly viewed with the same scrutiny and pragmatism as businesses. Given the business world's interest in profitability, however, it is unlikely that a corporate cost control model can be universally applied to the university environs. Although complete transferability is implausible, SSAOs may nevertheless find elements of corporate cost models to be practical and constructive.

The ABC model has elicited much corporate attention (both positive and negative) in the past decade or so. Its goal is to map and render transparent the often complex web of cause-and-effect relationships among costs, activities, and products or services. Once those are well understood, ABC creates concrete, evidence-based cost information regarding those relationships. Unlike traditional accounting, which focuses primarily on the calculation of the indirect costs of a company's overhead (utilities, marketing, distribution), ABC also considers the time that professionals spend on developing and producing a product or delivering a service ("Activity-Based Costing," 2009). This attempt to quantify the relationship between cost and time may be of great interest to academic leaders who wish to create workload estimators in areas that do not easily lend themselves to such quantifications.

It was easy to estimate, in the example above, how long it takes to review an admissions application. But how long does it take—and how long should it take—to develop a semester-long cocurricular leadership program? Does the ABC model indicate how a manager can account for, or validate this type of time spent on a task? In other words, does this model (or any other model) capture more than how much time is spent? Can it measure how well the time is spent and who exactly is expending it? SSAOs and other managers who are interested in considering these questions may find Kaplan and Anderson's *Time-Driven Activity Based Costing* (2007) a starting point.

Reflecting the Primary Trade-Offs. Hypothetically, another key function of the budget is to illuminate the trade-offs made during the process by chief stakeholders. In practice, however, these negotiations become embedded, making it difficult for those not directly involved to see or understand how underlying decisions were made. Although trade-offs occur in every budget cycle, they are likely to increase in both number and substance when resources are scarce. To make transparent the trade-offs that are in play especially in precarious times, SSAOs might consider using a trade-off model that clarifies and systemically delineates how decisions were made.

Blomquist, Newsome, and Stone (2009) have designed such a model. They describe a contingent budget allocation technique that increases citizen participation in budgeting by prompting them to trade off one public program for enhancements to another given the specified budget. This thought-provoking article may help SSAOs articulate the types of choices and trade-offs embedded in campus budgets.

There is no doubt that the budget's trade-off role is a highly political one that involves ongoing compromises. To maximize this role and garner positive benefits from it, the trade-offs—to the largest extent possible—should be overt and the discussions that help formulate them should be inclusive. Wildavsky puts it well in a statement that comments on both trade-offs and budgeting at large: "If politics is regarded as conflict over whose preferences are to prevail in the determination of policy, then the budget records the outcomes of this struggle" (Layzell and Lyddon, 1996, p. 319). Indeed, the university budget at all levels reflects the priorities and preferences that "win" year to year. Effective SSAOs can do their part to ensure that the values the budget represents in dollar signs mirror the campus values that have been formulated, circulated, and endorsed.

Knowing About and Becoming Conversant in Budget Approaches

As SSAOs move from division to university-wide budgeting, they must not be very familiar only with the budget models currently used on their campus, but must become aware as well of other approaches that may complement or replace the ones routinely used. An understanding of complementary or alternative models is profoundly beneficial in nonroutine budget situations. During a dire budget cycle, for example, it may be wise for leaders to use a budget model that differs drastically from the one used in stable years when there is little change in revenues or expenses. Just as distinctively different situations (such as a strategic planning meeting, a year-end managerial retreat, a brawl at a home football game, or an active shooter emergency) call for a specific style of leadership (the term for this is *situational leadership*), a unique budget situation requires a budget model geared to address the challenges being faced. If the leadership analogy is applied to budgeting, then SSAOs may think of this as situational budgeting.

This section outlines several approaches deployed on campuses throughout the United States, identifying which models may be used in tight times. This review and analysis will not only help SSAOs become conversant in any number or combination of feasible budget approaches but will also help them identify the models most appropriate for current conditions. Budget-savvy SSAOs realize that neither the divisional nor the overall university budget needs to adhere to a single budget approach. In both cases, the most effective budget may draw on a combination of budget approaches. Cognizant of this reality, SSAOs must become familiar with the strengths, weaknesses, and utility of each of the models described next.

Incremental and Decremental Budgeting. Incremental and decremental budgeting makes incremental upward or downward adjustments to budget allocations, expressed as percentage increases or decreases from the previous year's budget. It is the most widely used budget approach in higher education (Schuh, 2003). With incremental budgeting, increases are consistently applied across units or line items. On some campuses where revenues are increasing, the individual allocation to each department or unit is increased by an exact percentage no matter where the unit is housed or what functions it provides. On other campuses, incremental adjustments may be applied to specific line items, for example, all salaries could be adjusted upward by the same percentage. If, conversely, the institution is in a reduction mode, the percentage cut deemed necessary by the leadership team and the business office is applied unilaterally to all units or specific line items.

The advantage of incremental and decremental budgeting is that the uniform application of increases and decreases lessens conflict and expedites decision making. On a conceptual level, this budgeting is easy to describe, and university members quickly comprehend the apparent rationale that undergirds the model. Similarly, from an implementation perspective, the model is simple to operationalize; in fact, it is virtually automatic.

Unfortunately the two foundational assumptions on which incremental and decremental budgeting rests are often flawed: that needs (including university priorities) and costs vary insignificantly from year to year and that the previous budgets have been pretty much on target. Even in situations where the assumptions are more or less accurate, the incremental and decremental approach obstructs critical examination, challenge, and inquiry. Instead it maintains the status quo and covertly perpetuates the notion that on-the-mark budgeting has been and continues to be in play. In other words, it appears fair and equitable because it seemingly treats all institutional entities and line items the same. In reality, however, each entity and line item is treated equally only in relationship to the status quo. When this approach is used, there is never any reason to reevaluate the status quo, and this can cause dual problems. For example, on a campus where a long-standing allocation no longer covers new or additional programs or services, then even an incrementally increased allocation is likely to fall short of covering current expenses. Conversely, if an established amount is allocated to a department that has recently reduced offerings or realized cost savings from new technologies, for example, the electronic dissemination of formerly hard copy, mail-delivered materials, then the actual allocation may exceed expenses.

Another major problem with incremental and decremental budgeting is that it gives no financial allowance to units that are supporting university priorities since all increases are evenly doled out across the board. This means that units that are charged with or have taken the leadership role in addressing strategic priorities receive the same amounts of resources as units that have assumed none of these responsibilities.

A third problem with this method of budgeting is that it operates only at the margins (Goldstein, 2005) of an institution's budget, making small changes that prevent the types of reallocation, redistribution, or "right-sizing" that potentially benefit many divisions, particularly student affairs. This is a serious limitation for divisions like student affairs, which (according to the U.S. Department of Education) traditionally receive less than 10 percent of the institution's overall budget allocations.

In summary, the incremental and decremental approach is the most likely to maintain the status quo and the least likely to catalyze change. As such, it is not viable for helping administrators actualize their strategic plan or for facilitating the types of decisions that should be made in challenging budget years. Unfortunately, its broad application in higher education suggests that "the need for efficiency in some administrative areas outweighs the desire for effectiveness" (Goldstein, 2005, p. 165).

Zero-Based Budgeting. Zero-based budgeting (ZBB) in some ways could be perceived as the opposite of incremental budgeting. Whereas the latter presumes little change in goals or year-to-year allocations, ZBB starts from scratch each year. Using the ZBB approach, each unit revisits its goals, formulates the action plans and objectives that will help meet these goals, prioritizes the emerging objectives, proposes the types and amounts of resources needed to bring them to fruition, identifies alternate modes or methods for delivery, and justifies the final requests. The budget proposal, built anew each year, is directly correlated to the costs of implementing plans, reaching goals, and hitting benchmarks or objectives. Since ZBB does not automatically assume a given or secured funding level that supports a prescribed set of programs or services, it is a model that reconstructs each year's or cycle's budget anew. This inherent and defining feature of the ZBB model is expressly useful for directing budget processes that include deep analyses or major reallocation of resources.

If conscientiously applied in the way that ZBB is intended, this approach not only initiates a budget-planning connectivity, but it also re-examines the basic elements—goals, objectives, measures, and benchmarks—of any strategic plan. Such an examination may be timely in tight years when units are prompted to "get back to the basics" and postpone or downsize programs and services that are too costly to offer in meager times.

The process that managers and staff undertake to build a ZBB budget is a long and labor-intensive one that necessitates decision making at each step and every level. For this reason, it is not the most popular model used on campuses today. Frequently when ZBB surfaces as a possible approach for structuring the university budget process, it is conceived as a comprehensive model. As such, it can be perceived as a monumental undertaking; it need not, however, be seen as an all-or-nothing proposition (Goldstein, 2005). Constructing an entire university's (or division's) budget from ground level may be unrealistic, but it may be feasible and even productive to use the ZBB approach for a portion of the university's or division's budget (Goldstein, 2005). For example, if a new strategic plan has just been adopted, the SSAO could set aside ten percent of the division's operating budget for zero-based proposals that support the new plan. Applying the model to a designated portion of the university's overall budget would be a reasonable assignment that would likely create a valuable teaching and learning moment for all involved.

Responsibility-Centered Budgeting. Responsibility-centered budgeting is described in everyday parlance as "every boat floats on its own bottom." In professional terms, this transforms individual colleges, departments, and units of the university into "revenue centers," "cost centers," or "hybrid centers," each with full access to the direct and indirect revenues it generates in exchange for covering the expenses it incurs. As an example, the dean of each academic college is given control of the portion of tuition, fees, or state allocation it generates in enrolling its total FTE (Goldstein, 2005). In addition, the dean is given access to the extramural funds that faculty and staff within the college are awarded through grants and special programs. The dean then uses these "revenues" to fund the expenses incurred by the college. Typically a center is expected to cover its obvious expenses like salary, travel, and rental of on- and off-campus space and laboratories, along with its less-obvious charge backs. Charge backs are imposed on the center to subsidize the costs associated with internal services. In this situation, a revenue or cost center is charged its fair portion of services such as utilities, telecommunications, infrastructure costs, and facilities. The portion or charge back that each center pays is sometimes determined by mutually agreed-on formulas or state, federal, or professional association guidelines. In addition to paying for its charge backs, the center also may be "taxed" on the external money it attracts in grants and other sponsored programs (Goldstein, 2005).

The responsibility-centered approach engenders a broader understanding of university budgeting since larger numbers of administrators are compelled to recognize and manage all of the costs of doing business. Rather than rest the university's financial responsibility in the hands of a few senior administrators, it distributes it widely about the campus, encouraging internal stakeholders to be engaged and empowered. External stakeholders like parents, legislators, and community members may favor this approach as it makes visible costs that can otherwise be hidden. In the minds of stakeholders, unearthing covert costs is the first step in containing them. Since cost containment and accountability have wide appeal during economic downturns, the responsibility-centered approach may be popular during budget recessions.

Although responsibility-centered budgeting has some advantages in spreading around authority and accountability, this approach has downsides as well. Perhaps the biggest drawback is its primary focus on the bottom line. This focus potentially detracts from quality if it prompts centers to choose the most cost-effective pedagogies, class structures, or course schedules over the most educationally purposeful. Another disadvantage commonly associated with this approach is that it can foster unhealthy competition between colleges and departments—encouraging individual units to favor what is best for themselves over what is most beneficial for the entire institution. Finally, from an organizational perspective, this approach is difficult to operationalize on a large scale since many broad-based service units are not directly linked to discrete revenue streams. Therefore, while a cost- or revenue-centered model may work for some parts of the institution, it does not lend itself easily to every type of organizational unit.

Initiative-Based Budgeting. Initiative-based budgeting centrally pools for redistribution a small percentage of department or unit budgets. This set-aside fund is then earmarked for current or emerging priorities, proposed as initiatives. Campuses that use initiative-based budgeting often require an individual unit to submit a proposal that illustrates how it will use a portion of the pooled funds to directly support a specific priority or actualize an important university goal. Initiative-based budgeting is more practical in lucrative years when units can skim off a portion of their initial allocation without devastating their overall budget. If it is continued during a downturn, it is imperative that only the most strategic and time-sensitive priorities are funded. The resourcing of any superfluous initiatives will justifiably cause resentment since their support will, in effect, have come at the cost of some other program or service.

Initiative-based budgeting is not a comprehensive model. Instead, it is a short-term or midterm budget strategy, most often used in conjunction with a larger budget approach, since most units cannot indefinitely wheedle out parts of their initial allocation. On many campuses, initiative-based budgeting fuels creativity and triggers planning and budgeting integration; it allows departments that are awarded funds to respond in timely and unique ways to a contemporary issue. In good times, in particular, this can activate a stimulating process that launches an exciting new program. The sustainability of the sponsored program is questionable, however, since the support is typically allocated on a one-time rather than ongoing basis.

Other Models. This section includes only a partial list of budget approaches. Less commonly used models include planning, program, and budgeting system models that synthesize planning, operational analyses, and cost-benefit ratios to illuminate the financial implications of program decisions; formula-based models used to allocate a portion of state general funds to their state universities; and performance-based models that weigh inputs against outcomes. Readers who are interested in learning more about these intermittently used approaches are referred to *College and University Budgeting: An Introduction for Faculty and Academic Administrators*, published by NACUBO and updated every few years.

Conclusion

As SSAOs enact more prominent roles in university budgeting, they master their divisional budget process, understand the roles of the campus budget and maximize them for their division and the constituents they serve, and know the methodology and utility associated with conventional budget models. It is also important for SSAOs to be able to differentiate the various models of budgeting from each other, anticipating the advantages and disadvantages of each. In addition, it is even more critical that SSAOs understand thoroughly how their campus models are chosen and retained. They must be able to discern the extent to which the budget models themselves, their underlying purposes, and the various roles the budget assumes can be questioned, challenged, or changed.

This chapter has provided SSAOs with conceptual models and concrete strategies that should be carefully considered, tested, and used as appropriate. On most campuses, successful changes to university budget models and practices come incrementally, step-by-step, rather than in one fell swoop. Budget-proficient SSAOs will work with others to identify what is working in regard to their comprehensive campus budget, preserving the functional bits and pieces as a means to improving the future. They will not impulsively supplant established models or strategies with new ones that sounded impressive at a conference or read well in a journal article.

Although this chapter has described various budget processes, components, functions, and models, the budget is more than the sum of its parts. It is as much a management and leadership tool as it is a quantitative or computational exercise (Finney, 1994). But even more than being a leadership device, the budget is a leadership conveyance. As a tool, the budget is sharpened by the talents that effective SSAOs use in every other aspect of their work: planning, projecting, organizing, sharing, and selling. As SSAOs become experts in university budgeting, the budget morphs from an unpleasant chore to becoming a tool that facilitates their work and works for them. And the more the budget works for SSAOs, the more likely it is to work for the university members who matter most: the students. As a conveyance, the budget expresses the type of leadership embodied in those who have designed it. In this very weighty sense, SSAOs can use the budget as a mirror to reflect the type of leader they have become. By applying the information contained in this chapter to the parts of their budgets that can potentially benefit, SSAOs may like the image they see in that budget mirror.

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