

**Nancy L. Zielke, “Budgeting for Excellence: How the University of Missouri-Kansas City Transformed Its Budget Process Using the NACSLB Standards,” *Government Finance Review*, February 2004.**

Foundation for Budgeting for Excellence model was the National Advisory Council on State and Local Budgeting’s recommended budget practices:

- Establish broad goals to guide government decision making
- Develop approaches to achieve goals
- Develop a budget consistent with approaches to achieve goals
- Evaluate performance and make adjustments

Budget process should be strategic, encompassing a multi-year financial and operating plan that allocates resources on the basis of an organization’s vision, values, and goals.

Five primary recommendations supported by 15 best practice elements:

1. The UMKC budget process identifies opportunities for stakeholder input.
  - i. Establishment of a budget advisory committee.
  - ii. Assess and evaluate stakeholder satisfaction with programs/services.
  - iii. Other recommended forums for input.
2. THE UMKC budget process aligns available resources to the campus department priorities, which are based on the institutional mission, goals, vision, and values.
  - i. Deployment of a revenue allocation model that aligns resources to the mission and vision of UMKC priority strategies.
  - ii. Provide incentives and rewards based on established performance.
  - iii. Seize opportunities for new partnerships and encourage cost-sharing incentives and strategies.
3. The UMKC budget process assigns accountability to campus decision makers.
  - i. Establish realistic department program budgets.
  - ii. Establish performance measure benchmarks to measure the levels of excellence and link performance to resource allocation decisions.
  - iii. Reporting of financial and department performance in meeting UMKC goals.
4. The UMKC budget process should be clearly articulated and communicated to the campus community.
  - i. Adoption of formal financial and budget policies.
  - ii. Communication and broad understanding of the UMKC budget process.
  - iii. Budget approval and amendment process is known to campus stakeholders.
5. The UMKC budget process should be multi-year focused.
  - i. Development of multi-year revenue and expenditure forecasts.
  - ii. The budget process should address the impact of the capital improvement plan on the operating budget.
  - iii. Annual budget document includes all capital projects and their impact on the operating budget.

- Budget Process is Open
  - 19-member advisor committee meets monthly: empowered to identify funding changes that promote excellence, capture opportunities and improve student services
  - Annual budget document is published
- Budget Process is Vision and Value Driven
  - New revenue allocation model (see below)
  - Ongoing process for evaluating program efficacy, with built-in rewards for performance.
  - Academic and administrative units encouraged to forge partnerships in pursuit of efficiencies.
- Budget Process is Documented: Budget information is widely available in print, over the Internet, and through forums.
- Budget Process is Accountable: Budget process links unit performance measures to established benchmarks, and it establishes incentives and rewards based on performance.
- Budget Process is Responsive: Processes in place for adjusting the budget mid-stream to account for unforeseen problems or opportunities.
- Budget Process is Strategic
  - Budget transparency – no “off-budget” allocations
  - Funded priorities
  - Open communication
  - Guidelines for resource decision making
    - Consistency with university mission and values
    - Departmental success in living UMKC values
    - Demonstrated success in achieving all five university goals
    - Academic units must generate at least one-third of their operating costs, as defined by campus cost recovery plan
    - Demonstrated success in engaging tools for accomplishing strategic goals, including workload policy, enrollment management goals, the capital campaign, business process reengineering, and others
    - Provides service quality that meets or exceeds accepted national benchmarking standards
    - Programs must be cost-effective, meeting or exceeding accepted national benchmarking standards. Auxiliaries and enterprise fund operations must break even.
  - Responsibility centered budgeting
  - Student/stakeholder partnership