Path to Transformation Budget Redesign Process

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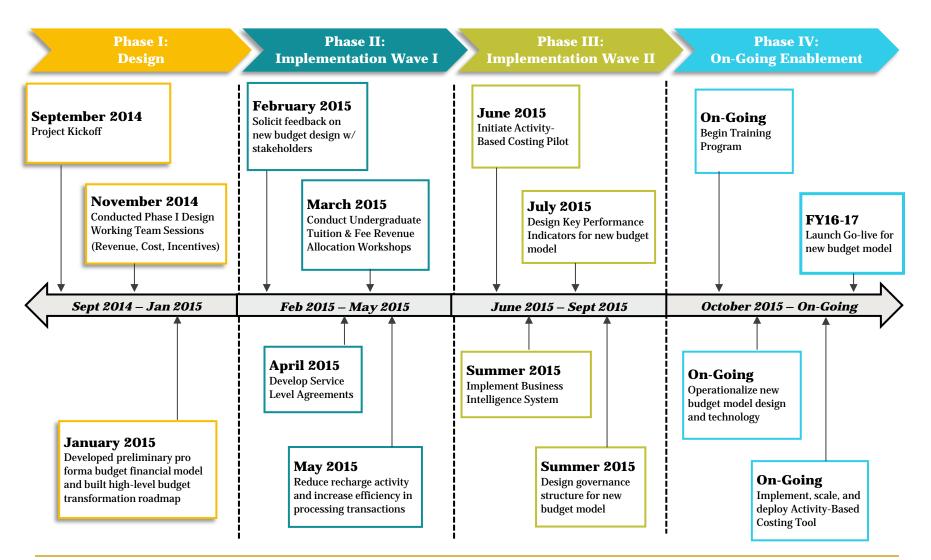
Budget Process Redesign Project Overview

UCR is migrating to a more performance and incentive-based budget model in order to align resource allocations with our strategic goals and drive transformation

What did we do?

- Assessed and evaluated our current resource allocation process;
- Reviewed national leading practices for resource allocation in higher education;
- Created a pro-forma budget model
- Developed a plan to implement an Incentive-Based Resource Allocation and Budget Model

Budget project to be completed by end of FY15-16



Project Stakeholder Groups | Key Meetings

We engaged cross-functional groups of stakeholders to take an inclusive and collaborative approach

#	Key Meetings	Stakeholder	Groups					
Phase I: Design	Current Process Assessment Interviews	 Deans Department Chairs / Associate Deans Faculty / Support Staff Academic Senate - Committee on Planning & Budget 	 Vice Chancellors CFAOs Financial Planning & Analysis Team Directors / Associate Directors 					
	Current Process Workshop	 Deans Department Chairs / Associate Deans Faculty / Support Staff Academic Senate - Committee on Planning & Budget 	 Vice Chancellors CFAOs Financial Planning & Analysis Team Directors / Associate Directors 					
à	Working Team Sessions	RABD Phase I Design Working Team						
	Vision & Guiding Principles Workshop	RABD Phase I Design Working Team						
ntation	Feedback Meetings	 Deans Department Chairs / Associate Deans Academic Senate - Committee on Planning & Budget 	 Vice Chancellors CFAOs Financial Planning & Analysis Team 					
e II: Implementation	Project Update Session	 Deans Department Chairs / Associate Deans Faculty / Support Staff Academic Senate - Committee on Planning & Budget 	 Vice Chancellors Directors / Associate Directors CFAOs Financial Planning & Analysis Team 					
Phase	Service Level Agreement Development	Directors / Associate DirectorsCFAOs	 Financial Planning & Analysis Team Service Level Providers / Consumers 					

Phase I: Designing the New Budget Process

Interviews, research, working and review sessions

Wk. #	1	2	3	4	5	6	7	8	-	9	10	11	-	-	-	12	13	14
Activities Week of	9/29	10/6	10/13	10/20	10/27	11/3	11/10	11/17	11/24	12/1	12/8	12/15	12/22	12/29	1/5	1/12	1/19	1/26
Phase I: Assessment & Visioning																		
Review Current State Processes and Data					Exec Kick													
Conduct Current State Interviews and Workshop(s)		e <mark>ct Kic</mark> tings	koff		\star													
Conduct Funds Flow and Cost Allocation Analysis		ctiona erview	-	••••		• • • • • •		••••										
Distribute Current State Assessment Survey		rrent l orksho		s		\star												
Align on Future State Budget Redesign Vision, Guiding Principles, and Budget Design Alternative to be Developed in Phase II			Curre Check re Guio shops	ding P		les	*	\star										
Phase II: FS Design & Modeling																		
Define Master Data Table Mapping																		
Build Preliminary Pro Forma P&L Budget Model																		
Incorporate Preliminary Incentives and Cost Driver Assumptions into Model																		
Conduct Future State Budget Design Working Sessions and Refine Models Based on Feedback			Work Sessio	ting Te	am		*		•••••	*	•••••	*			•••••		\star	
Select Comprehensive Budget Model for Implementation													Pı	rovost Sessi		w	*	\star
Phase III: Implementation Planning																		
Identify Risks and Dependencies																		
Build High Level Implementation Workplan														Fir	nal De	sign R	eview	*
				UCR aders Retrea	hip			Ph	ase Dur	ation	Act	ivity Du	Key ration	Bla	ckout E	Dates	🔶 Mile	stone

Engaged Steering Committee on Vision & Principles

Budget Design Vision Statement

"We aspire to be a model of higher education in the 21st century with a **transparent** resource allocation and budget process which **incentivizes Academic Excellence**, **Access, Diversity, and Engagement** while **maximizing resource creation and value, enables innovation, and results in high student success**."

Budget Design Guiding Principles

Transparent Deploy a resource allocation model that is easy to understand and accessible to the institution.

Strategic

Align decision making with the institution's strategic goals and provide incentives for optimizing both revenue growth and cost reduction.

Collaborative

Develop a culture of inclusiveness by incorporating input from stakeholders throughout the University in making key budget design decisions.

Aligned

Promote the alignment of responsibility with accountability both locally and across the organization.

Logical

Use meaningful and fair key performance indicators (KPIs) to track actual progress against planned performance over a specified time.

Actionable

Focus on developing a budget model that is realistic to implement as well one that facilitates benchmarking.

Incentivized

Incorporate incentives which support creative academic entrepreneurial activity.

Risk-Tolerant

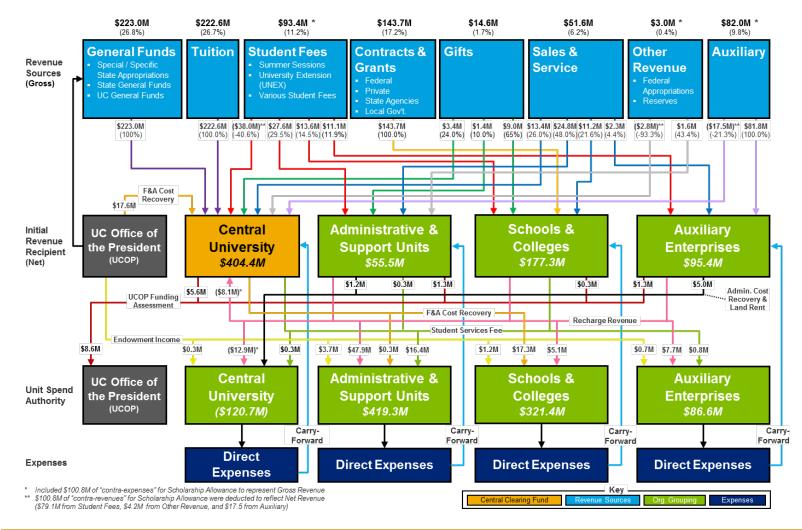
Enable budget stakeholders to take calculated risks and be rewarded for qualifiable or quantifiable returns

Phase 1 Feedback

When asked to describe the current Budget process, an audience of faculty & staff said that the process is...



To no surprise, the Current Funds Flow required a "secret decoder ring" to understand

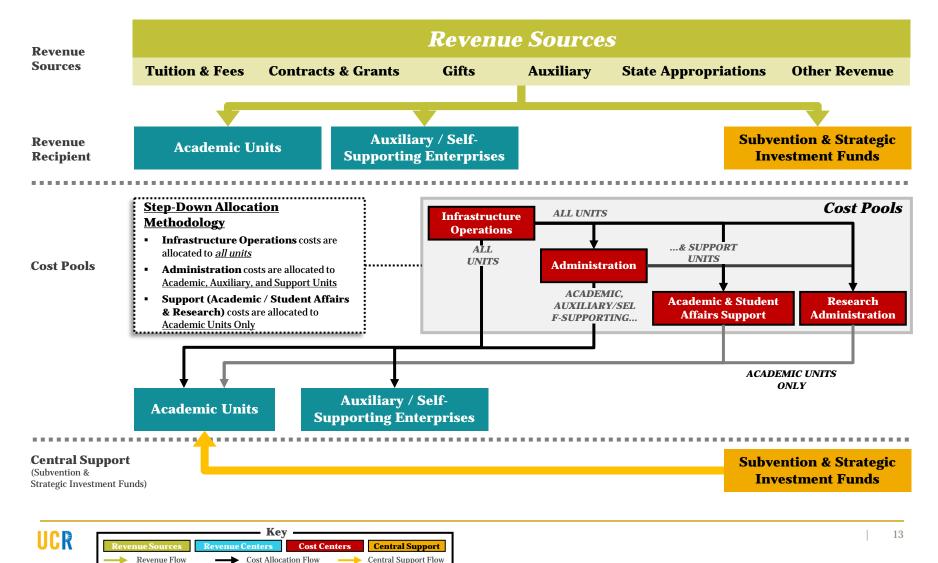




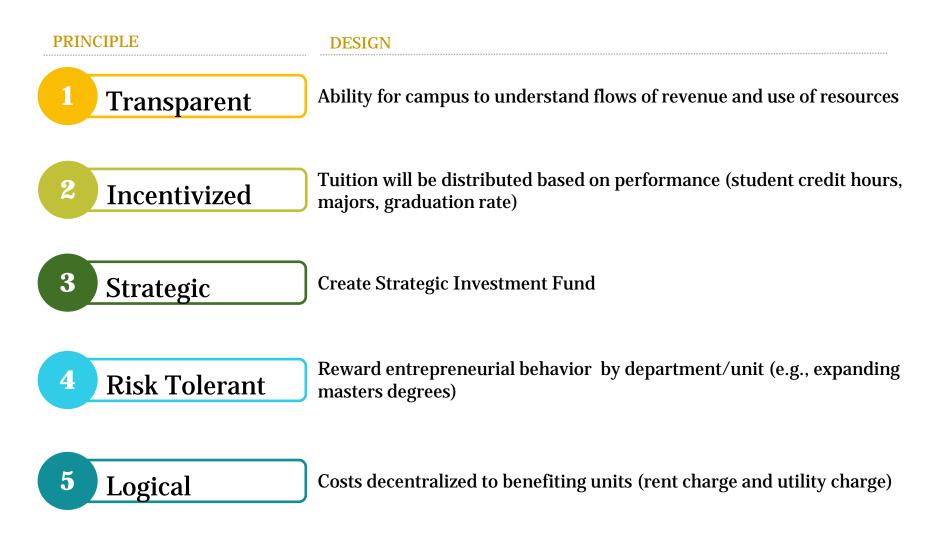
When faculty & staff were asked to describe what came to mind for a future budget process...



Streamlined approach resulting in a clearer and more transparent view into the institution's resource uses



Linking Guiding Principles to Design



Phase II: Finalize Design and New Processes

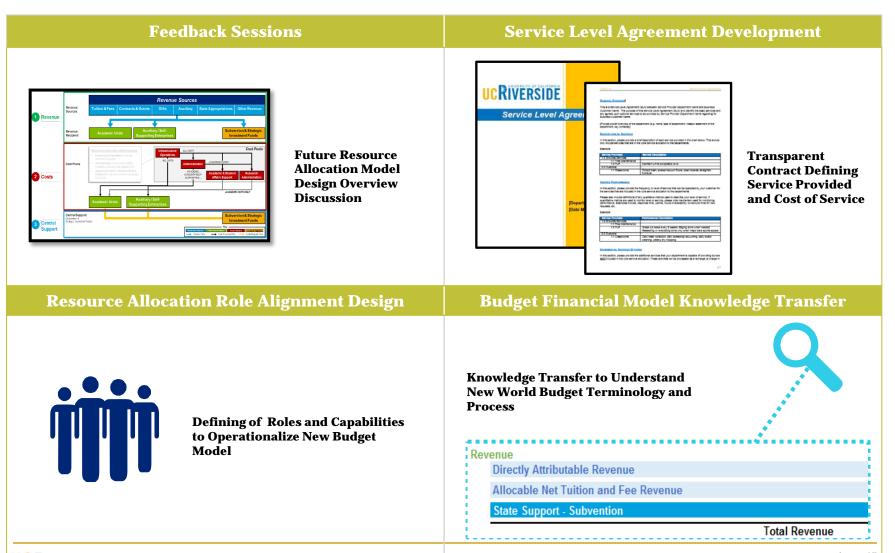
UCR

Workstreams, workshops, and feedback sessions

Phase Duration Activity Duration Blackout Dates Milestone WK. #	1	2	3	4	5	6	-	7	8	9	-	10	11	12	13	14
Workstream and Activities Week of	2/9	2/16	2/23	3/2	3/9	3/16	3/23	3/30	4/6	4/13	4/20	4/27	5/4	5/11	5/18	5/25
0 Mobilization													-			
 Identify UCR resources to fill Workstream Teams/Committees, distribute charge letters, and schedule key meetings/workshops 				\star	Distr	ibute (Charge	Letter	s							
1 Validation																
 Conduct Phase I Key Feedback Sessions for identified stakeholder groups and Town Halls for larger UCR population. 						\star	RABD) Proje	ct Upd	late						
2 Financial Model Refinement																
 Create change log and document all changes to budget financial model throughout transition period 						∕Kno	wledge	e Tran	sfer Se	ssions						
 Conduct knowledge transfer sessions and formally hand-off Resource Allocation Financial Model to identified UCR staff 	V	Workst K	ream ickoff	\star	\star			••••		• • • • • • •		••••				
3 Resource Allocation Org. Alignment Design																
 Map UCR current processes to standard process taxonomy and align on future state Planning and Budgeting activities 	W	/orksti	eam K	ickoff	\star											
 Identify Org. Alignment Design, Roles, Responsibilities, and Competencies/Skillsets to enable future state budget model 		Org.	Alignn	nent D	esign	Worki	ng Ses	sion(s)	*	••••						
 Validate with process stakeholders and develop roadmap to implementing identified Org. Alignment Design and Roles 						Pr	ocess	Ownei	s Vali	dation	Works	shop(s	•	••••		
4 Cost Center Redesign & SLA Development																
 Analyze current recharge operations and develop Rationalized Listing of Recharge Activities based on agreed-upon approach 	W	Vorksti	eam K	ickoff	\star											
 Facilitate Service Level Agreement (SLA) Pilot Workshops to align on appropriate level of detail and scope of SLAs 		SL	A Pilot	Work	shops	\star		\star								
 Conduct 'SLA Roadshow' and develop remaining in-scope SLAs with input from service providers and consumers 						SL	A Road	lshow	\star	···•			\star	SLA Si	gn-Off	
 Develop and execute change management plan on governance structure for ongoing revisions and SLA creation 																

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Developed capabilities to operationalize budget



Next Steps

Start with hold-harmless period in FY15-16

	Transformation Path	Current State	Hold Harmless Period	Redesign Go-Live
#	Component	FY14-15	FY15-16	FY16-17
Redesign	Transformation Milestone	Redesign Year	Implementation Year	Go-Live Year
	Budget Accountability	Central	Central	Unit
Budget	Budget Process	Incremental Funding	Incremental Funding	Margin Management
Method	Revenue	N/A	Parallel Path FY14-15 & FY16-17 Methods	Incentive-Based Budget Call
Allocation Met	Expenditures	Direct Expenditures Only	Parallel Path FY14-15 & FY16-17 Methods	Fully Burdened Budget Call
Allo	Central Funds	Chancellors Reserve	Parallel Path FY14-15 & FY16-17 Methods	Subvention & SIF Budget Call
ems	Budgeting & Planning	PeopleSoft	PeopleSoft	COGNOS
Systems	Reporting	UCR FINANCIAL SYSTEM	COGNOS	COGNOS