



TO: **Planning and Budget Committee**

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DATE: For meeting on May 18, 2011

AGENDA ITEM: 6

ITEM IDENTIFICATION

Report on the Review of the New Budget Model (March 3, 2011).

JURISDICTIONAL INFORMATION

Excerpt from the terms of reference for the Planning and Budget Committee:

4.3.2 The Committee receives regular reports on the status of the long-range budget guidelines, projections, and *the strategic budget model*

HIGHLIGHTS

In 2010 a committee was formed to evaluate the budget methodology and associated planning processes that were implemented in 2007-08 when the University's new budget model was introduced. The Committee was asked to appraise the strengths and weaknesses of the model, its adherence to the principles outlined by the original Budget Review Task Force, the incentives and disincentives that have emerged, and the effectiveness of the model as a tool for stakeholder engagement and informed resource allocation.

Following its review, the Committee concluded that the budget model is serving the University very well and that no significant change in direction is required. The Committee did, however, recommend several minor adjustments to the methodology for allocating revenues and costs. These changes will more accurately reflect current organizational structures and ensure that budget allocations are more appropriately matched to divisional activities.

In addition, the Committee recommended the establishment of working groups to further review the cost allocations to UTSC and UTM for central information technology services, and the cost sharing arrangement between divisions for the human resources services of Professional Faculties North and Professional Faculties South. A working group to review issues related to funding central vs. divisional libraries is also recommended. This last working group should be deferred until the arrival of the new incoming Chief Librarian.

Finally, the Committee recommended some changes to the annual budget consultation processes for both academic divisions (the Academic Budget Reviews) and shared service divisions (the Divisional Advisory Committee). The proposed changes are intended to add further clarity and transparency to the budget allocation and multi-year planning processes, and to increase the academic divisions' level of engagement in integrated shared-services planning.

FINANCIAL AND/OR PLANNING IMPLICATIONS

There are no financial or planning implications.

RECOMMENDATION

For information.