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EDUCAUSE Live! – Budget Fundamentals for the First-Time Manager

Wednesday, October 30, 2019

1:00PM – 2:00PM Eastern

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>> Hello everyone. This is Jody Tracy with EDUCAUSE. I'm going to turn it over to our host for today. Andrea LaRocca, just to say a few words of welcome.

>> Andrea: Hi, this is Andrea LaRocca from EDUCAUSE. I'm calling in from Denver where we are having our third snow day in a row.

>> Jody: That all sounds good except for the snow day or maybe it is good. I will turn it over to Eric Behrens.

>> Eric: Hello there. This is Eric Behrens. I'm in Chester, Pennsylvania, just outside Philadelphia. We don't have snow but it is rather gray and cloudy.

>> Jody: All right. Your audio sounds great. I will turn it over to Heather McCullough.

>> Heather: Hey everybody. I'm in Charlotte, North Carolina, and our weather here is 60 degrees and misty. So, it is humid.

>>Jody: All right. I think I would take that today. All right. Everyone we're going to put ourselves on mute for the next two minutes. We will come back with the presentation at the top of the hour. Thanks for logging in nice and early.

>> Andrea: Welcome to EDUCAUSE Live! everyone. This is Andrea LaRocca, Manager of Professional Learning at EDUCAUSE, and I'll be your moderator for today's ELive webinar. We would like to thanks quest for their sponsorship of the webinars. Quest is the go-to solution that helps schools that manage their Microsoft infrastructure. You may be familiar with the interface for our webinar, but here are a few reminders. We hope you'll join us in making this session interactive. Use the chat box on the left to submit questions, share resources and comments. We encourage you to type your questions into the chat throughout the webinar as we will be pausing at several points throughout the Presentation for questions. If you're tweeting, please use the #EDULIVE, that's E-D-U-L-I-V-E. If you have any audio issues, click on the link in the lower left-hand corner. And, at any time, you can direct a private message to “Technical Help” by clicking in the top-right corner of the Chat Pod. A drop-down menu will appear where you can select “Start Chat With” and “Hosts.” The session recording and slides will be archived later today on the EDUCAUSE Live! Website. Our webinar today is Budget Fundamentals for the First-Time Manager. As a first-time manager, it's important to have the foundational tools to excel in your new role. During today's webinar, you will discover why it's important to understand common sources and uses of funds in your department. You'll also uncover how to use the budget process to support strategic goals and why an understanding of the budget process can help you respond to changes in your department. This webinar is a component of the New IT Managers Program, which is part of the EDUCAUSE Institute, a portfolio of immersive cohort-based programs that provide dynamic experiences designed to enhance your higher education IT management and leadership skills. We are delighted to be joined by Eric Behrens, Vice President for Library and Information Services at Widener University. Eric was appointed Chief Information Officer at Widener University in November 2016. His role expanded to include library oversight in 2018. Previously he was Associate Chief Information Technology Officer at Swarthmore College. His areas of expertise include change leadership, intercollegiate consortia collaborations, and IT/library partnerships. He currently serves as a faculty member for the EDUCAUSE Institute for New IT Managers, and previously served on the EDUCAUSE Learning Initiative Advisory Board. Thank you, Eric, for joining us here today. And with that, let's begin.

>> Eric: Thank you very much. Hello everybody. I'm really glad to see everybody was able to make it in today. We're going to start off today with a -- pardon me. Trying to just get the slide to advance here. Here we go. We're going to start off today with a poll. We have a lot of people in the room and we just like to know a little bit about who is here today before we start off. So, you're going to see a poll appear on your screen. Looks like the public institutions are overtaking the privates. About 2/3 to 1/3. We have a few people who fall into some sort of in between category such as I see a private non-profit hospital setting. Okay. Very well. That's about the mix we usually see at the institute. So, the first thing we're going to do is to discuss where the funding for our universities come from. From school to school, the sources of funding vary widely and the mix of sources can fluctuate. External economic factors have a huge impact on your budget. For instance, in an economic downturn, states may increase or decrease public support. Many states cut back on appropriations, but some have started to restore some funding. Schools that have large endowments can be exposed to the market and impact the ability of students and families to pay. For instance, in a recession, some schools experience undergrad student enrollment declining at the same time some unemployed workers might seek to weather a down turn by skilling up. There's a team of people that work very hard to predict the financial resources they will have in the coming years and those condition are always in a state of flux. So, for many institutions, direct revenue through tuition and fees is the main source of their funding. As I alluded to, state general revenue funding has been somewhat in decline in a lot of public institutions and there are only a handful of schools that where shall sort of elite schools where income from endowments can contribute a major portion of the annual budget. Where does all that money go? The biggest cost for any institution is its personnel, faculty and staff. On average, that can account for up to three quarters of the total annual budget. On top of that, there are all the other operating coasts of the institution, major purchases, financial aid for students to purchase books or other resources and then there's service on debt. So, when your university borrows money, it pays the interest on the borrowed amount. The reason why we start the conversation here is that the profile of your institution will shape the overall financial conditions that are around you. And many of your budget practices will result from that. As a matter of full disclosure, my career has been spent at smaller private institutions, whereas my partner, Heather McCullough, has spent many years working in a public setting, UNC Charlotte. Heather, do you want to pop in and say hi?

>> Heather: Hi everyone. Glad to be here.

>> Eric: Let's get started then. The first thing we're going to do is to do some level setting to make sure we all have a basic understanding of the language of budgeting. Just like in I.T., finance and accounting has its own set of jargon and if you have ever felt confused by a discussion about money at your school, just remember that is how other people often feel when I.T. people talk about tech. For now, let's just decode it. Budgeting is fundamentally a planning process. Most schools require that budgets will submitted for review -- budget requests be submitted months before the fiscal year starts and that it goes through several layers of approval. That needs you have to anticipate what you are going to need well in advance. Just remember that budgeting is a plan and even the best plan has to change. Your expenses will -- or actuals as they are called, will rarely if ever completely match your original budget. Now, there are many different ways that universities finance or allocate their budgets. There are sort of processes that they can follow and the most common of these is incremental budgeting. This just means that everybody starts off with an assumption that their budget is related to their previous year’s budget and it will increase or decrease by set percentage that is kind of done very broadly across the institution. There are -- so, like I said, this is the most common form of budging and the advantages is it provides stability. You know you have about the same amount of money how had the previous year. When you want to make a change or request an increase, usually you have to submit a request. Before that, the central officers project what they have from resources and they have to take into account costs, personal costs, changes in cost and the institution subtracts the projected cost from the projected costs. If the projected income is negative, leadership will be looking to close the gap with some sort of cut. If there's a projected net income, then the head units are sometimes invited to submit budget requests. One of the down sides that this approach is it can be problematic in it perpetuates funding disparities. If you have been underfunded, you will continue to be underfunded unless you successfully make arguments through the channels that exist to get an increase. There's a relatively small amount of new money that is available to fund resources each year. This can also result in a use it or lose it mindset where you are kind of incentivized to spend all of your money, even if it is not necessary for some of the purchases to be made. And it can also make it harder to pursue innovation if there's a great idea that would require a large upfront investment to get it off the ground. It could be hard to find the money to do that. Our next term is accounting. A civil term. We won't spend too much time on it. Just to make it clear, this is the process by which you track expenditures in a system of recordkeeping and report the results. You would do well at this stage in your career to do whatever you can to find out more about your institution's own budget processes and they do vary quite a bit from institution to institution. The nuts and bolts such as processes and timelines vary quite a lot. And different leaders within an organization may have different processes for developing their parts of a budget. You know, the question you may ask yourself here is do you know who in your I.T. organization does know how the money is spent and how it is tracked. If there is somebody who is approachable to you, you may want to express your interest in knowing more about the process. Our next term is cost center. This is a department or other unit within an organization to which costs are charged for accounting purposes. In casual conversation, we often use terms like fund or budget interchangeably as in I can cover this out of my budget or we pay for this out of the equipment fund. But in non-profit accounting, the terms fund and budget are used to talk about higher accounts. So, many costs can roll up into a particular fund. As a first-time manager, you may oversee cost centers. They have budget lines for particular categories of expenses such as travel or software, contract, services and supplies. These will allow you and others to understand what your money is going across various cost centers. Discretionary budget. You see a simple equation here on the screen. Your actual budget, minus encumbrances equals your discretionary budget. The word encumbrance means your commitments to future expenditure. Your planned purchases or contractual obligations. If you know you have to renew your maintenance contract, that money is already spoken for when your fiscal year begins. Encumbrances are a tool to Mike sure you don't make the mistake of overspending. Discretionary budget is the amount of funding that is uncommitted. You can think of that as your available funds. Now, there will often be a huge difference between a cost center's actual budget and its discretionary budget. Discretionary budgets will also be the first thing that gets squeezed through any type of financial belt tightening at your institution. Another phrase that you may hear is your operational budget or capital budget. Your operational budget is used to over-expenses on an annual basis and usually doesn't roll over at the end of the year. Capital expenditures are the longer temp investments usually for -- type investments usually for construction and these can be appreciated over a number of years. In I.T. we have both capital and operating expenses. Some of our expenses can be covered through either OpEX or capex. If you are able to purchase laptops or desktops, that provides for flexibility for your operating budget. But institutions often lease computer equipment which is a way to make monthly payments to smooth out the expenditures rather than making one large lump sum payment. There are many categories of things that may not be capitalized. For instance, standard accounting rules dictate software purchases cannot be capitalized and this can be tricky if you need to buy into a very large and expensive software application. Another note is at public institutions from which many of you attending are where you are employed, capital and operating budgets cannot usually be as flexed as much. There are sources for capital funds that cannot be filled in for shortages in operating dollars. And the other thing I would note here is cap Ex funds can be provided through borrowing. Next up we will talk just a moment about permanent versus temperature rare money. You may have heard soft money. And simply put, soft money is the slang for funding that has a one-time or limited term source. For instance, a position that could be funded by a three-year grant. After that grant expire, the institution needs to find a different source of funding. s, the institution needs to find a different source of funding. And the final term we are going to cover is budget dust. This is a little bit more of slang. We use budget dust often to mean the operating dollars unspent or unencumbered as you get close to a fiscal year. If this is a small amount, it may be possible for ourselves in your department to use that funding if you don't need it. If there's a very large amount of leftover funding at the end of the year, it could either indicate a windfall savings or possibly there was mistake in assumptions at the beginning of the year about the budget in your budget planning. This is sometimes a difficult concept for new managers to grasp. But many don't care if your cost center is overspent so long as the larger group of cost centers that are part of a departmental budget, that bottom is in your budget. My piece of advice is, it is always really smart to maintain a list of smaller purchases that would benefit your team or organization and make sure that your supervisor knows about these needs ahead of time so that if an opportunity comes where this is some budget dust, they have your need in mind. Okay. So, this is a good time for us to pause for questions about any of the topics we have covered so far. I'm giving everybody a few more seconds to think if they have any questions before we move on. Okay. So, we have some questions here. It looks like one of them is, is it better to be slightly overspent or underspent at the end of the fiscal year? That is a funny one. How that is answered would depend on who you are asking. Certainly, the people in the finance areas of your institutions would say it is better to be underspent. But people who are in your higher up in your I.T. organization may want you to spend all your money. Remember what I said before about sort of use it or lose it mentality that can creep in. Overall, my feeling about this is that it is best to come in as close to budget as you can and to take advantage of any opportunity to make improvements wherever you can. But the -- I also am loathe to make a sort of last-minute sort of impulse purchases and it is more frequent for me to end up with a little bit of money left over in our total cost centers than it is for us to go over. Going over usually -- especially if it is done on a repeated basis will have a tendency to tarnish the image with other financial decision-makers. Any other questions? Any advice for managers that manage but are not included in the budget process? But would like to be. That's a very good question. I think that you should definitely express that interest to whomever you report to or anybody within your organization who is -- serves as a formal or informal mentor for you. Showing an interest in how the budget process works should be looked upon as a healthy thing. But of course, we know people hold information like that a little closely. I would just recommend reaching out and talking to supervisors and seeing what the reaction would be and just at first, think of it as an opportunity to learn more about it rather than just an opportunity to sort of assert your desires into that process. Any recommended books of reading for more about budgeting? That is one that I didn't anticipate answering today. I am sure that there are some and I may have some in my notes. Why don't we call that an OU and if I'm able to, will pass that on later on? We are going to move on to the next section, which you will see is called budgeting fallacies. This is where we are going to be thinking about budgets and about money and specifically about counterproductive patterns we want to spot and avoid. The three most common pitfalls are the planning fallacy, the hidden-cost fallacy and the sunk-cost fallacy. The planning fallacy is when you make a plan and that's usually your best-case scenario. The planning fallacy applies both to cost and time estimates. Its root is usually the optimism buy sis. We typically have a stronger optimism bias. The other is to document risks that might cause a problem to come in late or over budget. Another way is to build constituency into your estimate. Make your initial statement and assume that the cost will be somewhere between 10% and 30% higher either in time or money and that will usually protect you from failing to meet project goals or having to go back to senior leaders asking for additional funding. The hidden-cost fallacy occurs when you ignore relevant costs. A common hidden cost fallacy is to ignore the opportunity cost of labor when choosing to produce software in-house. Have you ever heard that line that open source software is free as in free puppy? As a dog lover myself, I have adopted my share of free puppies but it is opportunity to go in with your eyes open. It is important to think holistically about costs. Example of this is a software project that doesn't take into account the cost to implement the application. We can convince ourselves we don't need professional services or the support program from the software publisher or to send people to training. One of the ways to avoid hidden-costs is to compare apples when we are comparing options between multiple vendors. Finally, the sunk-cost fallacy. This is probably in my opinion the trickiest one for us to overcome. Have you ever heard the phrase don't throw good money after bad? Well, here's an example. Let's say we have a five-year contract for a service that is no longer meeting anybody's needs or expectations. Now, if you can't get improvements or renegotiate an early exit, you should think of that money as lost and gone. That is what the sunk-cost refers to. This is a really painful lesson to learn, but if you can spot this fallacy and change course, you will be a much stronger leader. It can also be difficult to get other people on board with this. As our boss demonstrates in this Dilbert cartoon. The sunk-cost fallacy can also apply to effort. Okay. This is probably another good time to stop for questions about the planning fallacy, the hidden-cost fallacy or sunk-cost fallacy or how to address them. Okay. We have -- one question is, I find it difficult to estimate personnel time for projects. Any suggestions? Well, it is incredibly difficult to estimate personnel time and probably the place where you have to be most cautious about your optimism bias. When you ask an employee how long they think it will take them to do something, their answer could be off by 50% because they -- one of the things I have seen, people want to please and they do think in terms of best possible outcomes but they don't think of the interruptions they will have or time off from work. So, you should try to do those calculations but then leave yourself a very healthy amount of sort of contingency where you can. When you have all hands on deck, it is a lot different. Can you evaluate -- another question is can you evaluate the total cost of ownership before you purchase software? You can't fully anticipate all the costs you might experience, but you can do thorough vetting, do things that allow you to anticipate them. On the table we shared with you a couple of slides ago -- let me see if I can go back. There are certain categories of costs that can be attached to a software purchase and you should be able to feel confident about those things ahead of time. What are you costs going to be in terms of an escalator over time? What are the maintenance costs and support costs around they may have different tiers or levels? One of the things I recommend you do is try to, if you can, get from your software publisher a list of references from other institutions that have implemented that software. They should be able to provide that with you and the people who have actually implemented the of wear at another institution can tell you if there were hidden costs in their projects. One more question before we move on here. I see Javier asks; how does a CIO ensure there's enough contingency funding? Well, I can't speak for every CIO, but I know that these are conversations that go on every year and they're ongoing with my leadership team, my management team, to make sure that -- and it is really about making sure that we are on the same page and that we have talked through things thoroughly. I actually think for people who are in middle management positions, it can often work the other way where one can feel a little bit pressured to do something with less. To sort of say this is the budget. This is what we've got and so I'm going to try to please to people who I report Toby telling them that we can do something within a certain amount of money and then there are challenges down the road because not all of the total costs have been anticipated. I think it is just really important to the best of your ability to represent -- kind of be thorough in your presentation of the assumptions you are making about how much time it will take to do something or what the additional costs might be. And ultimately, nobody wants a project to fail or to go over budget. So, being -- I realize that is sort of the flip side of your question. But I wanted to represent that it can go both ways. But if you're ever in a CIO position or in a CIO and asking this question, I just really think it is essential that frank conversations go on before projects start. When you are reviewing the budget and before the allocation has been made. Okay. I'm going to -- you have a lot of good questions coming in here and I see some of them are getting picked up by Heather and Andrea in the chat. I am going to move ahead to the next session and just be assured, this will also be a more open question and answer period at the end where we can pick up anything you didn't get an answer to. This section is called creating a narrative. And here I am talking about budgeting and then talking about creating a narrative, which sounds like it is something that comes from an English class. This section may surprise you but we are going to tell you that one of the most important skills you will develop in terms of budgeting and finance is to learn how to talk about funding technology in terms that financial decision-makers can relate to. This is a communication skill. A key point about this is that some of the decision-makers you will speak we will understand what you mean when you talk about a technology project. If you are talking about identity and access management. But many will not and that creates a challenge for you, but one that you can address. The most important thing you can do is to recognize we are mission driven organizations. We do not have -- we are not motivated by a profit. We are motivated by our mission. And so, the best way to talk about technology is to avoid jargon, three-letter acronyms. You should be able to translate your perspective, project or tool in terms of the outcomes that impact your -- the business of your college or university. In higher education, we don't have quarterly profit and loss statements. Instead, we allocate our resources based on how well we feel that they serve our missions. So, how do we do that? Well, one of the first things I would recommend is that you learn how to do some basic benchmarking. Most higher education leaders, Presidents, Vice Presidents, CIOs do try to keep track of what peer schools and aspirational schools are doing. Nobody wants to find themselves being well behind the curve and you can get some traction by knowing what is happening at similar schools to your own. So, one of the things -- first things you should do is get to know counterparts of yours at your peer schools. Decision-makers are curious how things are done there and this isn't just a matter of keeping up with the Joneses. Institutions have organizational structures or iodeosin country says that -- idiosyncrasies that develop. Doing your homework about how things are done at another institution can be persuasive if you know you are falling behind. Another thing I will mention is that EDUCAUSE provides the ultimate tool called the score data service. You can find out more -- core data service. And you can find more about it at educause.edu/dcf. Probably most of you will not have immediate access to it. It is a tool used by more senior managers in an organization or the CIO. But it is good for you to know that that information is there and if you are ever able to request or gain access to it, there's a lot of information there, for instance, about how much is spent annually by institutions on a per capita basis or what the staffing levels are in different areas. So, that discussion about benchmarking has a lot to do with input. What kind of resources are people putting into their I.T. programs? Now we're going to talk a little bit about the inputs and outputs. The traditional way this is done in kind of a business setting is to talk about return on investments. This the tangible results and something that you can count. It is definitely persuasive to organize for resources if there's some way that you can demonstrate that you will be saving the institution some money or cutting costs. And when your project can translate or your resource can translate into those kinds of countable resources, that should definitely be something you make the case for. But again, always stipulating that you need to not over promise on what you can expect to see as a return. Now the Gardener group has suggested for a lot of the projects and resources that we provide in the I.T. sector, there's not necessarily a direct return on investment. So, they recommend using this term called value of investment. Value of investment points to the intangible benefits such as loyalty to the institution, student and faculty satisfaction. If things are hard to measure like user experience or security awareness, or what is the -- try to answer the question, what is the reduction of annoyance worth, these are things a lot of people at your school will care about and they can drive a lot of the investment decisions for funding at your institution. Another important question is, what is it worth to look well organized to a parent or a prospect? A parent of a prospect. Pardon me. Finally, we're going to breeze through another model that you can use for thinking about a funding request. And that is the run, grow, transform model. And this is I find a really good way to communicate with particularly non-technical decision-makers. So, when we say a run, a run activity is something that we are doing specifically to maintain our ongoing operations. This is the keep the lights on kind of expenses. Keeping your systems working. Purchasing software maintenance, paying for internet, band width, et cetera. The grow activities are those that make incremental improvements. They are things you are already doing, but you want to do a little bit better. So, this could mean expanding the installation of instructional technologies into additional classrooms, rolling out software that used to be used by one unit to a number of other units or replacing a piece of software with a better piece of software that does the same function. Finally, transform activities of those that aim to make transformational change. And usually these are things that are not done or not done very well at all at your institution currently. For instance, if you have no substantial business intelligence software environment for people to use and you're going to be doing -- implementing that for the first time, then that would be potentially a transformational project. Why do we use run, grow, transform? It is a really good tool for communicating with non-technical decision-makers. It connects the I.T. spending to strategic objectives of your institution. It is value on investment. It focuses on the outcomes and not the input and it helps to identify who the beneficiaries are of a project. And finally, it can be used to analyze a multi-year budget plan. An institution may cut back on its grow and transform expenditures for a period of time. Knowing this, you might need to argue for retaining resources just to keep the lights on and making clear something is an essential run activity is opportunity. Ideally a healthy organization should be able to put resources into grow and transform projects. Explaining to those decision-makers how an expenditure helps the institution improve will be persuasive. It will be a minor or major change in efficiency. Will it change how business is done? These are things that people want to know. I would like you to think for a moment about this run, grow, transform model. Pause for a moment and if you could, we are going to be putting up a survey here on the screen and we are showing you several different models for distributions of how an institution seems to be allocating its resources. So, what we would like you to do is to click on the one that looks closest to how you think I.T. investments are allocated at your institution right now. We have a fair number of people who are indicating they are not sure and that is a perfectly reasonable and honest answer to the question. And then looks like everybody else is sort of hovering around the 85% run or the 75% run groupings. And, you know, you may be interested to know that is actually really around where the median is for most institutions of higher education. Remember I mentioned before the CBS survey and the core data set and there was -- the run, grow, transform model was included on a previous iteration of that survey and it showed that across higher ed with 6,300 schools responding that the median was about an 80% run, 10% grow and 10% transform distribution. We're going to end the poll now and advance to the next slide. Okay. So, just to recap some of the things we have covered in this section and I know that it's a lot of information. You can use Ben marking to establish how your institution or its resources are dissimilar to your peer schools. You can use return on investment and value of investment when you need to make a case to help people understand what the institution gets for spending its financial resources. One side note here is it is always best if you don't say ROI and VOI like jargon. Many people in academia can be Weary of it. You can think of the run, grow, transform model to help you explain which is expenditures versus those that will improve how your institution does business. If you think like a financial decision-maker, you can help them appreciate the importance of your resource request. So, in a moment we're going to stop for final questions and answers. If you have been waiting to ask your question, get ready to type them in the chat. In the meantime, one of the things Heather and I like to do is to encourage our participants to commitment to additional action. We have included on this slide some examples that we provided but you can also think of some ideas of your own that you would like to follow up on. So, you might take a moment if you're not going to ask a question to jot down one of these you would like to do and put it in your calendar to try to do it in the next few weeks. I'm just going to leave that up on the screen so people have a chance to read through them. Okay. At this time, I think we will open it up for questions and answers. Again, you can type your questions into the chat and Heather and Andrea will help me -- help to bring them to my attention. And I don't know if -- Heather, will you be joining us on the line at this stage?

>> Heather: I can certainly join you on the line.

>> Eric: Okay. So, we have one question here that was -- is there something before run, the things you are doing that you should stop that are holding you back? Absolutely. That is a great question. The run, grow, transform model is about the positive allocation of your resources but it is a great point to recognize that there is an opportunity cost when you have committed your resources, there are other things you are not able to do because you are committing those resources. We didn't cover opportunity costs in our presentation today, but I'm really glad you brought it up. Absolutely when you're doing the budget process, you should always be on the lookout for things that can result in a savings of time or money that should be discontinued. It is often not easy to do that. Sometimes you need to do other things before you can make that switch. It looks like some of you have asked for us to leave that next step slide up. We have done that. Another question here from Dennis. Can you touch on your experience with strategy planning in the budget process? I'm not exactly sure what your question is there, Dennis. You know, strategic planning can mean a lot of different things at different schools. Often times when I think of strategic planning, I'm thinking of something that may have funding impacts in the long run but they are not directly identified as far as the strategic plan. I can say going back to mission when we were talking about value on investment, that is a great place to talk about how a resource or expenditure will tie back to a value that is identified in your strategic planning. So, if your institution is really trying to improve the student academic experience in the classroom and your project or idea is -- directly responds to one of the needs that has been identified, then that definitely will help you to make your case. Here's another question that we have. How do you make a case for another group to share the cost of the software or service? Yes. Passing the hat. [Laughter]

>> Eric: You know, that can be a very specific situation that probably has a lot to do with how things are conducted at your own organization. Personally, through my years of experience, I know that it -- at some point you realize it doesn't really matter who pays for something. If it is an institutional experience and the institution has prioritized it somehow and it can be funded, it doesn't necessarily matter who the financial contributors are. In a smaller school like my own, it is often the case we have far more centralized funding of initiatives. So, if it is seen that a number of our schools want to have access to a resource, the funding for that will be put into the central I.T. budget to be provided to other institutions. If you work through -- at a larger institution with a sort of process for charge-backs or you need to get multiple schools to buy into something, it definitely is more complicated. But I wouldn't generally recommend that you spend too much time worrying about who is going to pay for it or really trying to figure out whether the institution at some level is going to make the investment.

>> Heather: I can add, Eric, on to that question.

>> Eric: Please do.

>> Heather: Or on to that answer. I know it happens at larger public schools like UNC Charlotte where we are increasingly centralized, but still have a lot of distributed services and software being purchased that it is frequently the case that we will identify that different departments or different colleges may be purchasing software individually and we have an opportunity if we were to consolidate. So, it is not necessarily making the case for another group to share the cost, but it is -- these costs are already been borne by different units individually and how can we come together and collaborate and coordinate. For larger schools that have that same situation, you might find ways to track where you have redundancy and see if there's cost saves there.

>> Eric: Great point. Thank you. This is a tough one. We got a request -- question on any suggestions an how to reduce overall budgets. So, this can be a really tough question because we mentioned early on in the process, discretionary budgets may be very limited. There may be very little of the funding that you have available that isn't already committed contractually. The reality is that you will have to examine ever expenditure and take a hard look at whether it is necessary. This is also a time where you really need -- you need to recognize that you may just be one part of the overall larger budget and so, you know, the question is -- you have known the answer to is, is everybody taking the same haircut. Cutting from a flat amount or are the cuts variable from one center to another. And in a lot of settings, there are kind of group decisions to be made where if one resource that can be cut is fairly expensive might be able to avoid some cost reductions in some other areas. And also, just being really clear about at the very least, you need to be able to professional kind of keep the lights on. You need to pay for those kind of runtime expenses that actually -- if they're not incurred, threaten the ability of the institution to carry on its business. But it is also the case, remember, the unfortunate thing is that with 75% of the institution's budget going to personnel, if the cut expected are deep, like if they are more than 10%, it is really hard to do that while still providing the necessary services without starting to looking at personnel.

>> Heather: We had another good question that came in. They are all good questions. But one question that I think speaks to some of the content that we definitely treat in the new I.T. managers program, can you give advice when narrating your VOI to decision-makers and that speaks to understanding how -- what is the -- who are your decision-makers, what is their -- what are they interested in, what is their point of view and how do you share the value from the potential purchase to those decision-makers? It is actually quite a long -- one of our longer sessions in the new I.T. managers program that we go through. But I think it is really understanding where the people that you are working with and communicating to, what is their need and how can you share with them how your proposed purchase help them meet some need or goal they have. Eric, do you want to elaborate on that?

>> Eric: I will do my best. And Andrea, I have a question. Are we able to share other files with the attendees today in addition to the slides?

>> Andrea: After the session, yes.

>> Eric: Okay. I will try to share some examples that might be illustrative of this. But the important thing to recognize, I think, is that most of the time -- it can be pretty compelling to say we need this. We need to have a firewall and ours is out of warranty coverage and we need to make this expenditure. But most people when they have a very small amount of money to invest really want to make strategic investments that propel the institution forward on some level. And so, it really helps to know what the pain points or what the desires are of the audiences that you serve. And be very clear that the things that you're offering are the answers or solutions to what they're experiencing. And that will vary quite a bit. If you're a person whose responsibility has to do with maintaining the wireless network, that is one set of sort of values that people will experience versus if you're somebody who is in the instructional technology world. Knowing what is on their mind and what are the right opportunities to be fixed is where you should start. And then hopefully the project you are putting forward responds to that and you can explain what people will experience as a result of it. We do sometimes when we are able to do this in a face to face setting, we will actually take a look at multiple proposals that people are generating and look at what is strong or weaker about various arguments. But I just generally recommend to people it is usually not a winning argument to just talk about the I.T. staff's own pains or concerns. But instead to focus really on the value that people experience. What do I get if I agree to give you this $50,000 or this $100,000 or this $10,000? Okay. Well, it looks like we have filled the hour. We have had a lot of great questions and I'm really appreciative of so many of you taking time out to join us today. I am going to wrap it up and I'm going to turn it back over to you, Andrea for any closing messages from EDUCAUSE.

>> Andrea: Thank you so much, Eric. On behalf of EDUCAUSE and our speakers, this is Andrea LaRocca, and I thank all of you for joining us today for an engaging session and conversation. Before you sign off today, please click on the session evaluation link, which you will find in the bottom left corner of your screen. Your comments are very important to us. The session's recording and presentation slides will be posted to the EDUCAUSE Live! website. Please feel free to share it with your colleagues. And to use them yourself. And finally, please join us for the next ELive! Webinar on Tuesday, November 12th, at 1:00 p.m. eastern to hear about XR for Teaching and Learning. On behalf of EDUCAUSE, thank you for joining us today for EDUCAUSE Live!

**[End of Webinar]**