

## **CHICS CHALLENGE**



**BTN 22-3** Both the budget process and budgets themselves can impact management actions, both positively and negatively. For instance, a common practice among not-for-profit organizations and government agencies is for management to spend any amounts remaining in a budget at the end of the budget period, a practice often called “use it or lose it.” The view is that if a department manager does not spend the budgeted amount, top management will reduce next year’s budget by the amount not spent. To avoid losing budget dollars, department managers often spend all budgeted amounts regardless of the value added to products or services. All of us pay for the costs associated with this budget system.

### **Required**

Write a half-page report to a local not-for-profit organization or government agency offering a solution to the “use it or lose it” budgeting problem.