

THE JOSSEY-BASS

ACADEMIC ADMINISTRATOR'S
GUIDE TO

Budgets and Financial Management

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PREFACE

MOST PROGRAM MANAGERS, principal investigators, division leaders, and department chairs are bright, capable, and competent persons in their field of expertise. However, when appointments are made to administrative posts in higher education, new academic managers often come to their positions without much experience in fiscal management and administration. Prior to their appointment, the personal interactions of new academic managers with the fiscal management of the institution have primarily related to individual issues regarding salaries, benefits, and grants. An administrative role, however, carries with it expectations for effective management of the fiscal resources of the department or unit. Questions that must be answered are varied and will be asked of the new budget manager very quickly. Can a new piece of equipment be purchased? Is it possible to immediately hire a new support staff person for the unit? Will the department provide travel support for a faculty member to attend a conference and present a paper? The list of questions could go on and on. It is no wonder that a new budget manager can feel a bit overwhelmed. Where can you, as a new budget manager, find the answers to questions that you and others have, and how can you sort out the real fiscal issues within your unit?

This volume is designed to provide initial assistance to new budget managers. In order to become effective as a budget manager you must first understand the context for decision making within the institution. Chapter One lays the foundation for understanding budgeting and fiscal

management. It defines terms, discusses the role of the unit budget in detail, and provides a discussion of the fiscal context of higher education. In addition, Chapter One focuses on the sources of financial support for higher education and the differences between public and private (independent) institutions. Understanding the broad fiscal context faced by the institution contributes to academic managers' mastery of their specific role and function within the institution.

Chapter Two discusses the purposes of budgets and the elements of a budget. Chapter Three discusses in detail the budget cycles that must be dealt with by a unit budget manager. It presents the steps of the budget process from initial budget development through analysis of fiscal performance. It also discusses the operating budget, the capital budget, and auxiliary budgets.

Chapter Four describes the pitfalls and problems faced by unit budget managers and suggests how to avoid such problems. This compilation of problems and strategies is the result of interviews with fiscal managers at several kinds of institutions.

Although loss of resources is never easy, it can occur. Chapter Five focuses on the unique issues related to budget reductions and presents strategies to deal with such issues. Each chapter provides guided questions to relate the material to the specific setting faced by the new academic budget manager. The volume includes a glossary of useful terms related to budgeting and fiscal management. Finally, the book provides a list of suggested readings.

WHO SHOULD READ THIS VOLUME?

Whether you are a new department chair, a principal investigator on a large research grant, or a new director of a business, academic support, or student affairs unit, you will need to create, defend, and manage a budget. Effectiveness in your new administrative role depends, in part, on your understanding the financial issues influencing your institution and your unit. Understanding the “big picture” is essential to effectively present your unit priorities, needs, and aspirations during the development, review, and approval of your unit budget requests. Success in matters related to fiscal

management also depends on establishing the critical link between unit needs and institutional priorities. Finally, your success as a budget manager depends on your ability to articulate both the short- and long-term fiscal and service implications for new programs, expanded services, new equipment, new facilities, and increased staff or staff reductions.

The volume focuses on practical issues of budget and fiscal management and is designed to specifically aid new budget managers. Budgeting and fiscal management are but one part of your new duties. However, understanding and mastering budgeting and fiscal management is essential for your success.

This book will also be useful to graduate students and entry-level professionals contemplating administrative responsibilities in the future.

LIMITATIONS OF THE VOLUME

This volume provides general information about the budget process and does not attempt to deal in depth with any single issue facing a unit budget manager. It will help illuminate common problems and solutions and help readers gain confidence in broad areas of financial issues. The book does not extend into the extremely complex and critical areas of legal and personnel policy that are so often linked to the financial aspects of academic management. The author strongly advises all academic budget managers to consult with their campus legal counsel and personnel officers with regard to decisions requiring these special kinds of expertise.

ACKNOWLEDGMENTS

Even though I am the sole author of this volume, I have not written it “alone”: my work has evolved through my education and experience. A number of people have helped shape my thoughts and approaches to solving problems and providing information. My thanks go to David Brightman and Gale Erlandson who encouraged me to write this book. Their support over the years that I have written for Jossey-Bass has been invaluable. I am also grateful to the superb editorial staff at Jossey-Bass whose patience and guidance have taught me to be a better writer.

I would also like to thank the patient folks in the budget and finance offices of six institutions where I worked (State University of New York at Binghamton, Trenton State College [now the College of New Jersey], the University of Texas at Austin, Northern Illinois University, Texas Christian University, and Northwestern University). They helped me learn about budgets, financing of higher education, and my role in that process. In particular, I would like to acknowledge John Pembroke from Northern Illinois University, E. Leigh Secrest from Texas Christian University, and James Elsass from Northwestern University for careful tutelage and help when I needed it most. I am grateful for their time and patience.

In addition, Eric Wachtel and Eugene Sunshine from Northwestern University provided a number of insights as I was writing this volume. Each of them gave generously of their time. Their perspectives help shape the content of this volume and the utility it will have for academic budget managers.

My family and friends always support me when I take on a project such as this, and I am grateful. Finally, I would like to thank Vadal Redmond and George McClellan for their assistance in creating this manuscript.

ABOUT THE AUTHOR

MARGARET J. BARR served as vice president for student affairs at Northwestern University from October 1992 until July 2000 when she retired. She currently is professor emeritus in the School of Education and Social Policy at Northwestern and is engaged in part-time consulting and volunteer work. Dr. Barr was vice chancellor for student affairs at Texas Christian University for eight years prior to her appointment at Northwestern. She served as vice president for student affairs at Northern Illinois University from 1982 to 1985 and was assistant vice president for student affairs at that same institution from 1980 to 1982. She was first assistant and then associate dean of students at the University of Texas at Austin from 1971 to 1980. She has also served as director of housing and director of the college union at Trenton State College and assistant director and director of women's residences at the State University of New York at Binghamton.

In her various administrative roles, Barr has always carried responsibility for supervision of operating budgets. During her eighteen years as a vice president, she supervised operating budgets for both general revenue and auxiliary enterprises of up to \$70 million. She has been involved in capital projects including construction of new residence halls, new recreation facilities, new dining facilities, and a multicultural center/academic advising center. She has supervised major repair and renovation projects covering multiple years at three institutions.

She has held numerous leadership positions with the American College Personnel Association (ACPA), including a term as president (1983–1984). She has been the recipient of the ACPA Contribution to Knowledge Award (1990) and Professional Service Award (1986) and was an ACPA Senior Scholar from 1986 to 1991.

She also has been active in the National Association of Student Personnel Administrators (NASPA), including service as the director of the NASPA Institute for Chief Student Affairs Officers (1989, 1990) and the NASPA Foundation Board. She has just completed a two-year term as president of the NASPA Foundation Board. Barr was the recipient of the NASPA Outstanding Contribution to Literature and Research Award in 1986, the award for Outstanding Contribution to Higher Education in 2000, and was named a Pillar of the Profession by NASPA in that same year.

She is the author or editor of numerous books and monographs, including *The Handbook for Student Affairs Administration* (1993), co-editor of the second edition of *The Handbook for Student Affairs Administration* (2000) with M. Desler, co-editor of *New Futures for Student Affairs* with M. Lee Upcraft (1990), the editor of *Student Services and the Law* (1988), and co-editor of *Developing Effective Student Services Programs: A Guide for Practitioners* with L. A. Keating (1985). She served as editor-in-chief for the monograph series *New Directions for Student Services* from 1986 to 1998. She is also the author of numerous book and monograph chapters.

Barr received a bachelor's degree in elementary education from the State University College at Buffalo, Buffalo, New York in 1961 and a master's degree in college student personnel-higher education from Southern Illinois University-Carbondale in 1964. She received a Ph.D. in educational administration from the University of Texas at Austin in 1980.