



President's Bulletin

University of Missouri

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THE UNIVERSITY'S OPERATING BUDGET: HOW IT IS DEVELOPED

A complex operation that is not well understood by many persons in the University community, is the seemingly endless job of preparing, requesting, appropriating and administering the University's annual budget. Many faculty wonder, for example, "Why can't I get my notice of appointment earlier?" or, "Why was funding for my project not available?" The answers to these and many other questions constantly raised about the budget cannot be answered simply.

However, the following is an attempt to present an overall explanation of the steps involved in the development of the University's annual budget.

THE PRESIDENT'S BULLETIN

The President's Bulletin is a new publication. Its objective is to serve as a channel of direct communication between the President and his staff with the faculty of a four-campus University.

The Bulletin will have no pre-arranged publication schedule. It will be distributed at such times as the President or his staff have specific, significant information to relay.

Although a sketch at best, its aim is to provide a framework to which faculty can relate the specific pieces of budget information constantly coming to them from many sources throughout the year.

Hopefully, it will promote both understanding of and communication about what is proving to be one of higher education's major current problems: the budget.

THE UNIVERSITY'S THREE BUDGETS

At any one time during the fiscal year, the University is involved in at least three budgets:

- 1) It is in the process of managing the budget for the current fiscal year. (1970-71)
- 2) It is preparing an internal operating budget for the next fiscal year. (1971-72)
- 3) It is estimating future income and formulating its legislative budget request for the following fiscal year. (1972-73)

For example, during this spring:

- 1) The University is adjusting funds in order to stay within its planned budget for fiscal 1970-71, which includes last year's state appropriation

of \$80.7 million--recently cut by \$3 million because state revenues have not come up to expectations. (At the end of each fiscal year, the budget is formally closed with the publication of the University's financial report.)

2) The University is preparing the 1971-72 internal operating budget, which is a detailed, specific budget in which each department outlines its planned expenditures for next year. The legislative request for 1971-72 is presently

being considered by the legislature. It will probably not be finalized before June. Until the state's appropriation to the University is known, the internal operating budget for 1971-72 cannot be completed.

3) The University is working on the legislative budget request for 1972-73, which by law must be before state officials in Jefferson City by October 1, 1971. The request is also presented to the Missouri Commission on Higher Education.

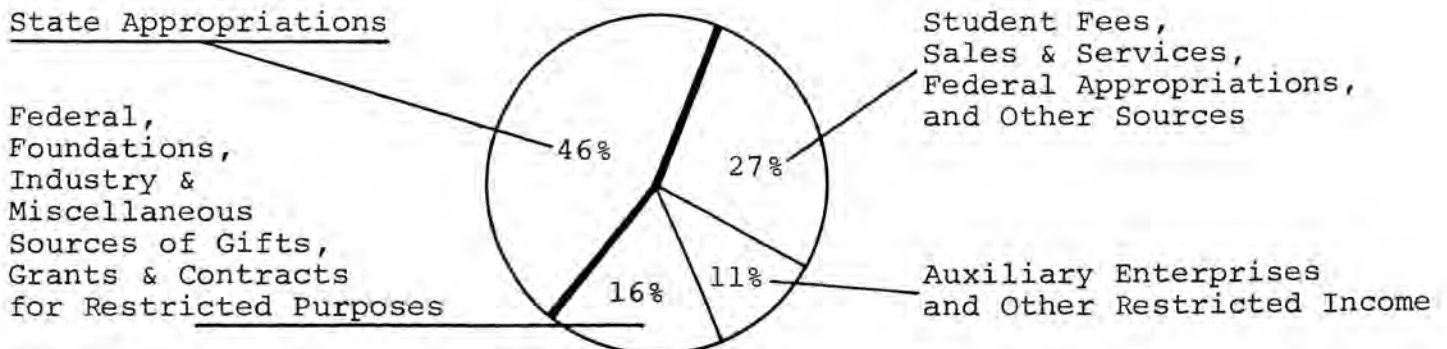
DEVELOPING A SINGLE BUDGET

As an example of the development of a single operating budget, the following outline is presented as fairly typical. It is the order of steps involved in the 1971-72 operating budget--from its beginning in January, 1970, to the publication of the University's financial report for that year in September, or October, 1972.

Although some of the dates may not be historically accurate due to individual quirks of this particular budget, the steps presented are a basic framework to which specific pieces of budget information can be related.

One final thought to bear in mind: the reason that so much internal and external emphasis is put on the legislative segment of the University's operating budget is because it is the greatest unknown in preparing for the University's fiscal future. Other sources of funds are equally critical to the University's solvency, but they are generally less flexible and more predictable. It is the state's appropriation which in most years determines whether the University can move forward, or whether it must fight to hold previously gained ground.

SOURCES OF THE 1970-71 UNIVERSITY OPERATING DOLLAR



THE STEPS

JAN. 1970--Tentative budget guidelines for preliminary planning and preparation of the 1971-72 Legislative Operating Budget Request presented to the President's Staff Conference (Formerly the Educational Advisory Council) for comments and suggestions.

FEB. 1970--Budget guidelines submitted to the Finance Committee of the Board of Curators and to the full Board for final approval at monthly meeting.

MARCH 1970--Forms, information (such as enrollment projections and estimated costs of building maintenance) and detailed instructions for preparing the legislative request are submitted by the Vice President for Finance & Comptroller to the four campus chancellors and University-wide program heads.

MARCH 1970--The four chancellors and U-wide program heads send out instructions and budget request forms to schools, colleges and divisions, who in turn contact their departments.

APRIL 1970--On each campus, divisions and schools review and adjust departmental budget requests. Then chancellors and U-wide program heads review and adjust divisional requests.

MAY 1970--Chancellors and U-wide program heads prepare their oper-

ating budget requests from information supplied by schools, colleges and divisions.

JUNE 1970--Chancellors and U-wide program heads submit official legislative requests to the Vice President for Finance & Comptroller in accordance with U-wide instructions and standardized forms.

JUNE 1970--President and his staff review the legislative requests with four-campus and U-wide program representatives.

JULY 1970--After making modifications in cooperation with campuses and programs, legislative requests reviewed by Board.

AUG. 1970--Legislative request, in condensed form and order of priority, submitted to Board for consideration and approval. After monthly Board meeting, the 1971 Legislative Budget Request is prepared in accordance with required state budget forms and procedures.

SEPT. 1970--Final legislative request, in both summary and detailed booklets, submitted to Board for final approval.

OCT. 1970--Both summary and detailed legislative budget request books submitted on or before Oct. 1, 1970, to State Comptroller and Budget Director.

OCT. 1970--Legislative budget request presented to Missouri Commission on Higher Education and other interested groups.

NOV. 1970--The Commission on Higher Education makes its budget recommendation for the University to the Governor based on the overall state higher education needs.

NOV. 1970--The State Comptroller and Budget Director recommends to the Governor an appropriation for the University taking into consideration both the needs of all other state agencies and the future outlook of the state's revenue picture.

DEC. 1970--The Governor holds budget hearings in which the University and other state agencies may appeal the recommendations made by the State Comptroller and Budget Director.

JAN. 1971--The Governor makes his budget recommendations for the 1971-72 fiscal year to the General Assembly and various appropriations bills are then introduced in the House.

JAN.-FEB. 1971--The President's Staff Conference discusses the 1971-72 Internal Operating Budget principles, guidelines, calendar and plans.

FEB. 1971--The President and other University representatives appear before the House Appropriations

Committee hearing in Jefferson City. Following its hearings, the Committee makes a budget recommendation to the House, who then vote on an appropriations bill which is advanced to the Senate.

FEB.-MARCH 1971--Chancellors, U-wide program heads and U-wide administration discuss what funds are expected to be available and how they will be allocated. Where necessary, this includes campus, divisional and departmental review. The Board makes preliminary review of the Internal Operating Budget.

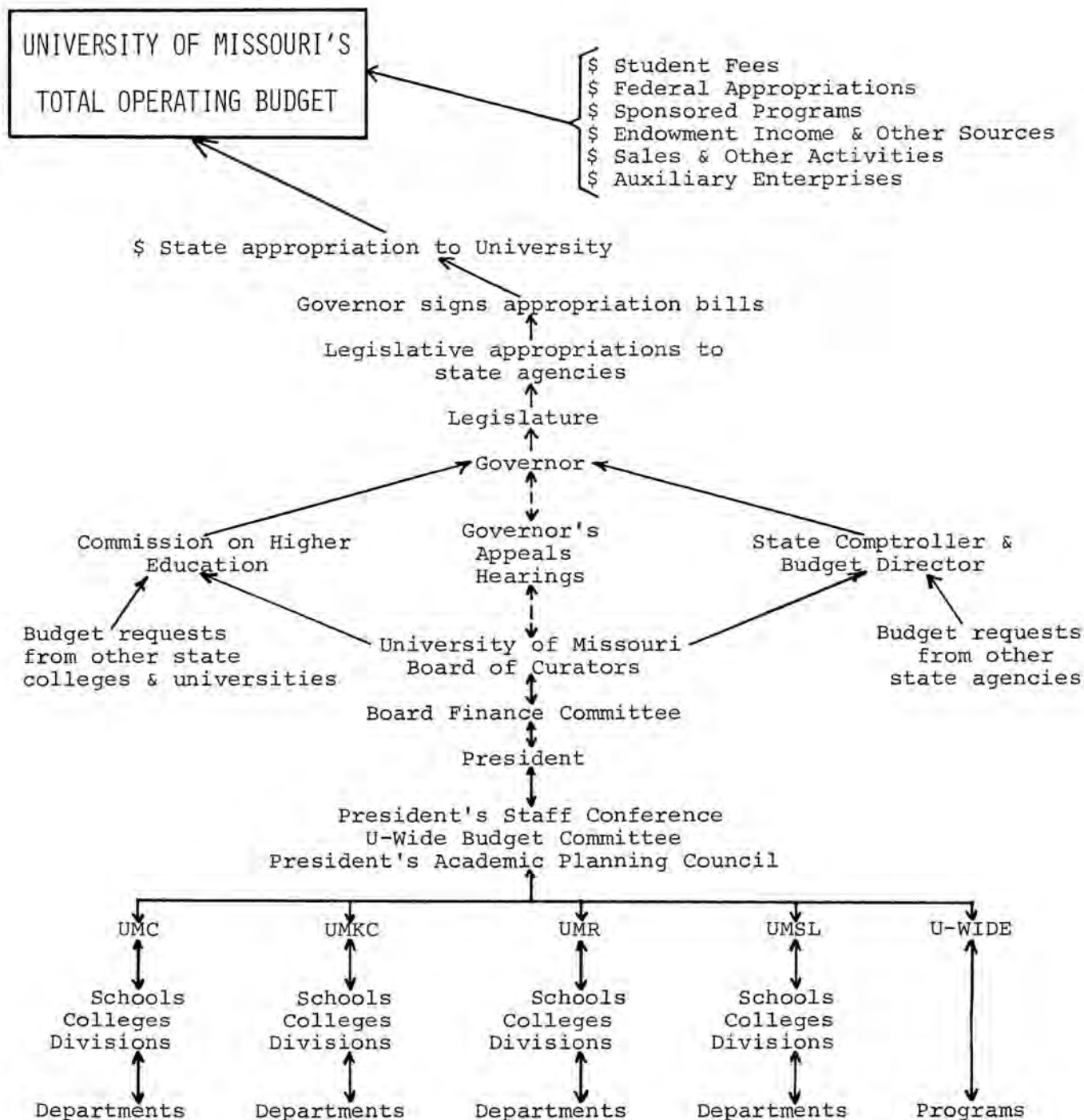
MARCH 1971--President and other University representatives appear before the Senate Appropriations Committee hearings in Jefferson City.

APRIL 1971--The Vice President for Finance & Comptroller sends budget request forms and detailed instructions for completion of Internal Operating Budget to the chancellors and U-wide program heads, who in turn request detailed recommendations from divisional and departmental level.

APRIL-MAY 1971--Departments prepare internal budget requests, which are then reviewed and adjusted by schools, colleges and divisions and by chancellors and U-wide program heads. These requests include recommendations for salary adjustments and staff additions.



(Continued on PAGE SIX)



This chart shows the administrative lines of communication in the building of the University's total operating budget. All requests, including new and expanded programs, are initiated at the departmental level. From these "grass roots," budget requests flow upwards. However, there is considerable reverberation up and down the system, with requests being reviewed and adjusted to fit into the overall

needs and future plans of the University.

(NOTE: At the individual campus and program level, budget requests are based on total operating needs and are funded from the University's total operating budget. However, for illustrative purposes, the campus and program requests are shown here as part of the University's legislative operating budget request.)

MAY 1971--Chancellors and U-wide program heads return completed Internal Operating Budget request forms to Vice President for Finance & Comptroller.

MAY 1971--President and his staff review Internal Operating Budget requests and make any adjustments after discussions with campuses and U-wide programs; submitted to Board for review. (Prior to the State's official appropriation for 1971-72, the University prepares various contingency budgets based upon the current legislative situation in Jefferson City.)

JUNE 1971--Prior to monthly meetings, Board to receive for review proposed Internal Operating Budget, which includes salary adjustments.

JUNE 1971--In Jefferson City the legislature normally

passes appropriation bills which include the state's appropriation to the University for 1971-72. The bill is then sent to the Governor for his signature. The University at this point will know its appropriation from the state for fiscal 1971-72.

JULY 1971--Completed Internal Operating Budget, based on state's appropriation, submitted to Board for final approval. Faculty and staff appointments distributed along with Internal Operating Budget as approved by Board for 1971-72.

JULY 1, 1971--JUNE 30, 1972--Income and expenditures for the total operating budget administered for 1971-72.

SEPT.-OCT. 1972--University submits financial report for 1971-72 fiscal year to members of the General Assembly.

A FINAL WORD...

An organization as vast as the University of Missouri necessarily creates a budget of equal size and complexity. Much time and effort is continually devoted to each of the three budget stages described and steps are always being taken to gain maximum efficiency and speed in the entire budget operation.

It takes considerable time, however, to develop and coordinate the specific information needed for each budget stage. It should be equally obvious that the budget can not be completed until it is known what monies are

available. For example, final preparation for the 1971-72 internal operating budget is impossible until the University knows the appropriation from the state for next year. As soon as available funds are known, every effort is made to determine and announce allocations to the various schools, colleges, divisions and departments.

This outline is provided to offer some information that will put into perspective one of the University's most complex operations: the Budget. Hopefully, it has answered many questions.