



HOW TO BUILD A BUDGET

In the next 30 days the University of Missouri will submit its 1969-70 budget to the Governor. A little later, the State Commission on Higher Education will make its recommendations for Missouri. And before the General Assembly convenes in early January, a third budget will have made an appearance, this one prepared by the Governor's staff.

Little wonder if the average alumnus/taxpayer is confused. Yet, it is important that the Missouri alumnus in general and the Missouri taxpayer in particular not throw up their hands in dismay. They need to understand something about how the budgeting system works if they are to make an intelligent judgment on the ques-

tion, "Is the University of Missouri making the wisest use of the resources it has available?"

As its answer, the University is moving toward a programmatic approach to budgeting. Its keynote is planning, and the planning starts from the bottom up in contrast to the Commission's practice of applying a rigid formula from the top down.

The University's procedure starts on the departmental level on all four campuses. It then moves to the individual deans at the divisional levels, where the departmental budgets are reviewed (which often means reduced). The divisional budgets are reviewed by the chancellors and their representatives, and campus-wide budgets prepared for the President and his budget committee. There they again are reviewed against long-range University-wide objectives and resources and then presented to the Board of Curators for final approval at the University level. It is complex and time-consuming, but it's also complete.

On the other hand, the formula approach utilized in the past by the Commission on Higher Education is deceptively simple: Break down projected enrollments by levels (lower division undergraduate, upper division undergraduate, and graduate), assume student/faculty ratios and faculty salaries for each level, and a faculty cost of instruction can be calculated. For example, assume a student/faculty ratio of 22:1 at the freshman-sophomore level, an average faculty salary of \$10,000, and a projected enrollment of 22,000 students, and the faculty cost of instruction is \$10 million. And the answer is \$10 million no matter how many full, associate, and assistant professors and graduate assistants, are in the faculty mix. Other levels of instruction are similarly calculated.

Unfortunately, the Commission's basic assumptions often are inaccurate. This is especially true in its projections for the research and non-teaching faculty, for the administrative staff, and for operational expense. Here the Commission uses an arbitrary base that may or may not have any connection with reality and then adds a percentage increase to allow for inflation, merit salary increases, and additional equipment and personnel.

No one can argue the simplicity of an ele-

mentary headcount approach. The Commission's budget fits neatly on one page, and the mathematics, if not the supporting background data, is there for all to see.

But how much of the budget should be used for salary increases and how much for new personnel? How should the budget be allocated among four separate campuses with different needs and somewhat different goals? How do you plan for new research programs, new state services, new academic offerings, a possible new campus? The University has some 175 separate departmental offerings which all have different costs per student hour of instruction for all levels of students. How can you account for the changing cost picture when students transfer from one program to another? To these questions, the Commission's simple formula has no answer. It lacks the flexibility to allow for changes and the visibility to enable the administration to make sound decisions as to program emphasis.

Now, the University budget-making personnel has nothing against formulas. On the contrary, many formulas are utilized making up the programs, and the University considers the program approach to budgeting simply a necessary and logical extension of the formula approach. But first it is necessary to have long-range objectives clearly in mind; then it is possible to apply costing formulas to the specific instructional, research, and service programs needed to meet them.

Then, when the Governor receives the proposed University budget, he has a sound basis on which to make his proposal to the Legislature. The General Assembly has access to all three budgets when it makes its deliberations, and again the University has provided a "visible" plan from which the Legislators can work. Should the final appropriation not include all the University requests, the University Administrators can study the reasons for the various budget programs and make reductions intelligently.

It's all a matter of knowing where you're going and of living within your means. And for the University, a programmed budget approach seems to offer the best chance of allocating available resources effectively. □