

Academic Administrator's Guide to Budgets and Financial Management

By Margaret J. Barr

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Among the skills and qualities required for success as a director of orientation or of a first-year experience program are strong organizational abilities, excellent interpersonal skills, the ability to supervise staff effectively, programming experience, public speaking skills, and budget know-how. Although beginning orientation/first-year experience professionals often have developed many of the above skills through paraprofessional and/or graduate assistant service, it is rare that they have had the opportunity to cultivate the financial management skills which are critical to effectively managing the programs with which they have been entrusted.

The Jossey-Bass "Academic Administrator's Guide to Budgets and Financial Management," written by Margaret J. Barr, helps fill that gap by introducing new budget managers to the terminology, philosophies, and strategies they need to know. In just over 100 pages, Barr gives us an overview of the role of the budget manager, definitions of terms, the purposes of a budget, and the budget cycle.

In a particularly useful chapter entitled “Unraveling the Budget,” Barr quotes Mayhew (1979) in stating that “budgets are really a statement of educational purpose phrased in fiscal terms” (p. 54). She suggests an apt analogy in advising readers that “Unraveling the budget is often like pulling on a skein of yarn—information, policies, and procedures are sometimes so intertwined that they are difficult to separate and understand” (p. 29).

Included in this chapter are a variety of budget models—incremental; redistribution; zero-based; formula; planning, programming, and budgeting systems (PPBS); and cost or responsibility centered management. Decision-making approaches in budget development (centralized, unit-based, and combination) also are briefly explained.

Barr walks the reader through the stages of the budget cycle and outlines eight distinct phases to the process, beginning with setting institutional and unit budget guidelines, through budget approval and monitoring budget performance, through closing the fiscal year and analyzing the results. The monograph also touches on capital budgeting and the special case of auxiliaries. A timely chapter looks at the issue of dealing with budget cuts and outlines various approaches to budget reductions, including “freezes,” across-the-board cuts, targeted reductions, and restructuring.

Throughout this brief volume, Barr gives us “nuggets” of financial management wisdom culled from her 18 years as a vice president of student affairs at several major universities and as a director/dean in years prior. In the chapter entitled “Problems and Pitfalls in Fiscal Management,” she discusses the importance of understanding the organization (both the unit and the larger institution) and the new budget manager’s “inheritance”—the accounts and revenue sources that are part of the financial plan for the unit as well as the “mores regarding the budget and financial management that were formerly part of the unit” (p. 79). Assessing the capabilities of staff who may have interest and expertise in financial areas, anticipating problems before crises occur, and managing change all are key skills for new budget managers, according to Barr.

As one who has considerable expertise in financial management in higher education, Barr points out some common pitfalls for new budget managers, including overestimating revenue, postponing problems, failing to ask for help, failing to identify hidden costs, failing to identify multi-year consequences, and “assuming the good times will continue” (p. 86). Her advice to new budget managers (which also are helpful reminders to those who have been in the field for a length of time) is direct and clear—ask questions, be prepared, learn to say “I don’t know,” identify both the stakeholders and decision-makers, don’t play games, be honest, seek legal advice when needed, and pay attention to details. She emphasizes the importance of working in partnership with others across the institution and within the unit to identify and solve problems. Throughout the monograph, the qualities of honesty and integrity are evident as core values that guide the ethical dimensions of budget management.

This highly-focused book is an essential resource for those new to the world of developing and overseeing budgets. As a new orientation director/budget manager many years ago, I may have been spared some painful “trial-and-error” learning if I had had access to a volume such as this. The monograph is “reader-friendly” and lends itself well as a self-study tool; most chapters contain lists of 6-10 questions which readers can

ask themselves in order to apply the principles covered in the chapters to their own situations. Even if stopping to reflect and perhaps write responses to the questions posed, the reader will need to invest no more than four to five hours to benefit from the resource. A list of 16 suggestions for further reading on this topic is provided for those who prefer to delve deeper into the subject matter. Most are current references; a few are “classics.”

This small book also would make an excellent resource for discussions among new professionals from a variety of units across a campus. For experienced professionals who may be in mentoring relationships with new staff, the monograph provides a useful primer for teaching or “coaching” purposes.

And even for those who are seasoned professionals, this volume is an effective way to refresh our knowledge and understanding of general financial management principles applied to a higher education setting. As a 30-year “veteran” in the field, I found myself better able to articulate my own budget philosophy and support my practices after finishing “Academic Administrator’s Guide to Budgets and Financial Management.” As a result, I am more confident and comfortable in my budgeting strategies and decision-making skills.

Reference

Mayhew, L. B. (1979). *Surviving the Eighties: Strategies and Procedures for Solving Fiscal and Enrollment Problems*. San Francisco: Jossey-Bass.