Budgets and Financial Management in Higher Education

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Transition Guide


Major Changes to the Revised and Updated Edition

- Three new chapters:
  - Primary Elements of the Budget: Revenue and Expenses
  - Understanding Auxiliary and Capital Budgets
  - Managing Budget Fluctuations
- Reflection questions at the end of each chapter
- Three case studies to aid readers in applying information:
  - Alpha University—budget surplus (Chapter 1)
  - Alpha University—budget shortfall (Chapter 7)
  - Omega College—a tuition-dependent institution facing a shortfall (Chapter 7)
- Discussion of the influence of the 2008–2009 recession on higher education
- Additional charts and examples throughout the text, including a comprehensive chart identifying strengths and weaknesses of various budget models
- An expanded glossary of terms
- Updated examples and new charts and graphs are provided illustrating applications in academic affairs, business affairs, information technology, general administration, and student affairs
Chapter 1: The Fiscal Context and the Role of the Budget Manager

Changes in Chapter One include an expanded discussion of the fiscal context of American higher education and the influence the fiscal context has on the fiscal management and budgeting strategies employed by institutions of higher education. The authors discuss major differences in fiscal issues between private and public institutions and provide examples. Finally, they present the role, responsibilities, and functions of a budget manager—whether the budget manager is working with a single program, a department, a school, a college, or a division within an institution of higher education. The chapter closes with a case study of Alpha University with a budget surplus. End-of-chapter questions help the reader reflect on how the particular aspects of their larger environment will influence their decisions and daily work.

Chapter 2: Primary Elements of the Budget: Revenue and Expenses

In this new chapter, the authors discuss sources of revenue for institutions of higher education and provide an explanation for each source. Expenses are defined and discussed in similar detail. The chapter closes with a series of reflection questions focused on applying the information presented.

Chapter 3: Understanding Budgets

Chapter 2 from the previous edition (“Unraveling the Budget”) is now Chapter 3. This chapter focuses on the purposes of budgets and the many types of budgets that may be found in a typical institution of higher education. The discussion focuses on the strengths and weaknesses of different types of budget models typically used in institutions of higher education. Reflection questions guide the reader in applying the information on a practical basis.
Chapter 4: Management of the Budget Cycle

Chapter 3 from the previous edition (“The Budget Cycle(s)”) is now Chapter 4. The chapter outlines and explains the major steps in the development of the budget. In addition, the chapter focuses on the need for a budget manager to manage more than one budget cycle at the same time. A useful chart presents a typical institutional budget cycle in relation to an individual unit budget cycle. Finally, the reflection questions at the end of this chapter are helpful to consider as a budget cycle begins or ends.

Chapter 5: Understanding Auxiliary and Capital Budgets

Auxiliary and capital budgets are explained and defined in this new chapter. Special emphasis is spent on forecasting revenue for auxiliary enterprises and identifying hidden costs in capital budgets. Extensive examples are provided throughout the chapter to illustrate important points.

Chapter 6: Problems and Pitfalls in Budgeting

The chapter, Chapter 4 in the previous edition, focuses on common problems in budget management and how to avoid them. Specific attention is paid to the pitfalls that may influence the work of new budget managers.

Chapter 7: Managing Budget Fluctuations

One year an institution may have more money and the next year less. This chapter discusses the fluctuations in institutional budgets and provides suggestions for how to effectively manage them. Two cases are presented as opportunities for readers to apply what they have learned:
budget shortfalls at Alpha University, a midsized public institution, and at Omega College, a small, private, and tuition-dependent university.

**Glossary of Terms**

The glossary of terms has been updated and expanded.