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SUMMARY REPORT

IMPROVING  
BUDGET  
PROCEDURES  
for  
HIGHER  
EDUCATION  
IN  
IOWA

State Education Budget Revision Project  
February 1970

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IMPROVING BUDGET PROCEDURES FOR  
HIGHER EDUCATION IN IOWA

Summary Report to the Governor and to  
The General Assembly

February 1970

By the State Education Budget Revision Project  
Policy Committee

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## MODERN BUDGET PROCEDURES FOR HIGHER EDUCATION IN IOWA

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### I. At the Beginning

The increasing complexity of budget competition among higher education programs has led Iowa officials to seek improved budget procedures.

In the past year, the need for better methods of budgeting for higher education has been independently recognized by the Governor, the Budget and Financial Control Committee of the Iowa General Assembly, the State Board of Regents, and the Department of Public Instruction. These officials and agencies began preliminary steps toward modernizing budget procedures.

### II. Call to Action

To coordinate and give impetus to these various efforts, Governor Robert D. Ray established the State Education Budget Revision Project in November, 1969, and appointed a Project Policy Committee under the chairmanship of State Comptroller Marvin R. Selden, Jr. The Project was endorsed by the Budget and Financial Control Committee of the Iowa General Assembly. Staff and funding were allocated by the Office for Planning and Programming and the State Comptroller. Baxter, McDonald and Company were retained as technical consultants to the Policy Committee.

### III. Cooperative Approach

In response to the Governor's invitation, the agencies and institutions of higher education in Iowa named representatives to seven technical teams. The Iowa Association of Private Colleges and

Universities paid the expenses of one representative, and Drake University provided two more. The technical teams met weekly throughout January, 1970, and prepared their recommendations for the Project Policy Committee.

The cooperative participation of the entire spectrum of higher education allowed the technical teams to build rapidly upon existing data sources, to develop compatible definitions, and to express the particular needs and problems of each agency and institution in implementing new procedures.

#### IV. Basic Purpose

The budget process is government's mechanism for proposing, debating, determining, and communicating public expenditure priorities. The proposed new system aims to strengthen each of these functions.

Basically, the new procedures would help to clarify and analyze the policy implications of alternative budget decisions. This requires clear communication, an awareness of how a program in one institution affects programs of others, information on all revenues and expenditures, explicit consideration of long-range plans, and an orientation toward maximizing results per dollar.

The State Education Budget Revision Project has evaluated the feasibility of a large number of specific techniques and processes. The recommendations of the current report are based on consideration both of decision-making needs and the capabilities of participating

agencies and institutions. Experience in implementing these recommendations should, over the next few years, lead to revisions as necessary.

#### V. Key Features

The following five features were fundamental objectives of the Project Policy Committee in developing the new budget procedures.

##### A. Clarity and Ease of Use

To aid decision-makers in understanding budget presentations and utilizing the new process, there will be:

1. Summary tables, cross-referenced to detailed information on each agency and institution.
2. Narrative statements outlining policy issues, with emphasis on new programs and inter-institutional impacts.
3. Provisions for clarifying legislative intent in appropriations, without unduly limiting administrative flexibility to adjust program budgets and non-state revenues as needed.

##### B. "Results" Orientation

The new budget format would more directly relate proposed expenditures to proposed accomplishments, for what Governor Ray has called a "results-oriented budget" through:

1. Breakdown of budget requests by major program categories common to all agencies and institutions.
2. Inclusion of goals, objectives, and targets -- expressed quantitatively insofar as possible.
3. Statements and summary tables on the results needed from higher education in Iowa -- in terms of manpower needs, student opportunity, state

development, and similar areas of concern to higher education programs.

C. Multi-Year Budget Format

Budget decisions should be based on careful evaluation of historic trends and proposed future directions as well as current needs. The full future consequences of current budget actions should be clarified. To this end:

1. The budget format would show a ten-year period, including the requested biennium and the four preceding and four subsequent years.
2. The approved budget and projections, until altered by subsequent proposals and appropriations actions, should represent an official plan for the development of higher education in Iowa. The projections would, of course, have to be qualified in view of inevitable uncertainties and doubts, and there may possibly be program areas where no projection would be valid.

D. All Revenues and All Expenditures

In order to show the total framework within which State funds are budgeted, the proposed format would summarize all revenues and expenditures, including, for example, such non-state revenue categories as tuition, federal funds, endowment income, and charges for hospital and other auxiliary enterprises.

E. All of Higher Education

Information in a uniform format would be sought from all institutions and agencies of higher education, public and private, profit and non-profit. The goal is to enable budget decisions to



be made on the basis of the total present and prospective picture of higher education in Iowa. Private institutions would be invited to submit as much information as they are willing to make available.

VI. Information to be Included

The Governor's budget submittal to the General Assembly would serve as the key vehicle for the planning and development of higher education in Iowa. The following four categories of information would be included:

A. Governor's Policy Statement

The Governor would state the goals, assumptions, and considerations which shaped his budget proposals. Major priorities, funding proposals, and points of program emphasis would be described and defended.

B. Statewide Summary Tables

Basic information on each institution and on the total resources and programs of all institutions would be aggregated into these tables, to provide easy reference and clarify the total picture of higher education in Iowa.

C. Detailed Tables

Each major educational segment (Regents Institutions, Area Vocational Schools, Private Colleges and Universities, and, eventually, Proprietary Schools) would be shown in the following types of information over the ten-year period.

1. Sources of funds, showing all revenues.
2. Uses of funds, initially broken down by major program categories common to all institutions:

Instruction  
Organized Research  
Public & Professional Services Related  
to Instruction and Research  
Libraries, Collections, Learning Resources  
Student Services  
Student Aid  
Administration & General Institutional  
Expense  
Plant Operations & Maintenance  
Auxiliary Enterprises.

As the system evolves, submissions may show sub-program detail and classifications of expenditures by major object categories (salaries, supplies, equipment, etc.)

3. Documentation of new and changing programs, with eventual documentation of all programs.
4. Staff resource analysis, showing size and rank-composition of faculties and non-academic staffs.
5. Physical facilities (land, buildings, and their utilization).
6. Student background, access, and flow data, including:

Characteristics of enrolled students  
High school enrollments and graduations  
First-time access to college  
Measures of persistence and transfers

7. Offerings, enrollments, degrees and certificates conferred.
8. State economic and demographic background data.

D. Special Analyses

Supplementary documentation will be supplied as selected by the Governor or as requested by committees of the General Assembly.

VII. Implementation

To the extent possible, the proposed procedures should be implemented during the forthcoming budget cycle. The present Project Policy Committee should be given a continuing responsibility to guide implementation of the new systems and to help evaluate them during and following their use in 1970 and 1971. Full implementation will require gradual development and modification over several biennial budget cycles, but an immediate start would enhance decision-making at both institutional and State levels.

VIII. Cost of the New Procedures

The costs of implementation should be reasonable, since the technical teams have designed the new budget procedures so as to make maximum use of existing accounting systems and data sources. Moreover, gradual implementation will permit filling the new staff needs within patterns of normal staff growth in most institutions and agencies. It is estimated that four new professional positions would be needed at the institutional level and four at the State level.

IX. Unresolved and Open Questions

Several policy issues affecting budgeting have not been the subject of Policy Committee recommendations, either because they lie somewhat outside the scope of the present study or because further discussion will be necessary.

A. How Much Control Over Appropriations?

The Policy Committee has not yet recommended upon

the level of detail which the General Assembly should use for purposes of appropriations control. The current practice is to make lump-sum appropriations to each institution, permitting full administrative flexibility. The Policy Committee is firmly opposed to detailed appropriation control on every budget item, but believes that procedures are needed to assure that basic budget decisions are carried out through actual program expenditures.

B. Organization and Governance

The larger questions of the organization and governance of higher education have not been addressed by the Policy Committee, as they are properly subjects of other studies. It should be noted, however, that the proposed system is compatible with existing organizational patterns or with many possible new patterns such as a coordinating agency or a single governing board. The new system has been consciously designed to work with any new pattern.

C. Annual vs. Biennial Budgeting

Similarly, the proposed budget procedures have been designed to work with either a biennial or an annual budget period, with only minor adjustments needed should annual budgeting be adopted at some future time.

X. In the Final Analysis

The benefits to be realized from the proposed new system are many and substantial:

For the first time, all institutions and agencies of higher education in Iowa would utilize the same basic format, so that comparable information on all institutions would be available to each, to permit planning in a total context of activities and plans.

Historic trends and future projections would introduce a sense of perspective through the multi-year format. The Governor and the General Assembly would be made more conversant with the long-range plans of higher education, and the institutions and agencies would have the planning advantage of long-range forecasts of state demographic and economic trends, so that they could make more definite predictions of future enrollments and likely state revenues.

The Governor and General Assembly would be provided with a much fuller picture of higher education in Iowa, so that they could evaluate the effects of their budget decisions upon the total educational program of the state.

The proposed system would introduce the many advantages of program budgeting, with expenditures related more specifically to programs, goals, and targets. A clearer assessment could then be made of the results of particular expenditure levels and patterns.

The Governor's budget submission would provide the general public with a single, comprehensible document on the status and directions of higher education in Iowa, thus improving the average citizen's understanding and his ability to participate in evaluating this increasingly important area.

The ultimate test of any new budget system is whether it can in fact help the Governor and General Assembly in making budget decisions with greater certainty and efficiency. The Policy Committee of the State Education Budget Revision Project believes the procedures being recommended provide substantial progress in this direction.

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