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### **Lessons in Departmental Budgeting**

*By Dennis Baron*

It's no secret that the states are broke. My own state resorted to midyear take-backs and deep budget cuts for its universities, and word is that our budget will remain flat next year.

Among department heads, the metaphors for our declining fortunes are violent and all too familiar: taking hits, cutting fat, bleeding stones. It gets to the point where there's nothing left to cut, and then they ask for more. Most academic departments I know of are already operating as close to the edge as possible. That becomes clear when you see exactly how a department budget is structured. So let me present a crash course for the uninitiated: Departmental Budgeting 101.

The budget of our English department contains three major expense categories: the instructional budget; the staff budget; and the operating budget. We have two primary sources of revenue: recurring dollars and nonrecurring ones. The recurring money is renewed annually without any special request to the university; it includes dollars for faculty and staff salaries, and some of the money we need to pay teaching assistants and instructors. Nonrecurring dollars are allocated at the discretion of the university. We use that money to pay the balance of the instructor salaries, and a whole lot

more. We have to beg, borrow, and finagle for it every year, and without it, we could not afford a third of the courses that we offer.

After paying teacher salaries, whatever is leftover in the nonrecurring pool of money gets spent on everything else. It keeps us in paper and paper clips. It also keeps the lights on and the phones working, and accounts for 5 percent of the department's budget. It pays for faculty travel, administrative and instructional photocopying, postage, equipment maintenance, computer replacements, software, film rentals for cinema classes, start-up dollars for new faculty hires, juice and cookies for visiting lecturers, long-distance phone calls, the fax machine, dues and subscriptions, the department newsletter, the flower fund, and a variety of other unavoidable and rapidly escalating charges. (I never had much discretion over my discretionary budget; it was all pretty well committed from the start.)

Some departments don't have a problem scaring up nonrecurring money. Science and engineering units, as well as departments in education and psychology, tap into their ICR accounts — the money set aside for "institutional cost recovery" in federal grants. But that doesn't mean that our science departments are rolling in dough: I have a friend in biology with three big federal grants running now who hasn't had a new computer in years.

Faculty members in an English department don't typically pull in ICR money. Our grants, from foundations or from federal agencies like the National Endowment for the Arts, typically pay for release time from teaching, but don't offset any overhead costs. My department's nonrecurring money consists of salary that returns to the department when faculty members go on unpaid leave;

institutional buyouts of faculty time to do administrative work or research; and the spendable portion of the interest from gift accounts established by generous donors. The rest comes from the dean in response to specific budget requests.

As a chairman, my own understanding of the budget was hard won. I had always had more success with words than numbers in my academic career, and for the first four years, I had an easy time of it since our budget was in good shape. We never had money to burn, but we were hiring a lot of new faculty members, and I had no problem financing search committees, large receptions at our hiring convention, and multiple campus visits for finalists. I could offer department support for faculty conference trips, and even for some graduate students, and there was enough cushion each year for me to pay visiting lecturers, support local conferences, buy a few computers, refurbish a seminar room, get a couple of classrooms and hallways painted, install a baby-changing table in a restroom, and put new lighting in the main corridor of the building.

Why the department had to pay for this sort of upkeep is another matter: If we waited for the university to attend to our aging building, we'd all have been retired long before it got done.

As the fifth year of my chairmanship began, the twin towers fell and the economy, already skittish, promptly tanked. By midyear, three bits of financial speculation circulated among the deans and department heads: The university would ask us to return part of our budgets as a result of a state mandate, there would be a massive cut for the following year, and we could forget about faculty raises. Departments stopped making new monetary commitments and we waited for all the shoes to drop.

As it turned out, the university was able to cushion the budget cuts before they reached the department level, but there were no raises that year. The next year, things got worse: Departments had to give back some of the money we had already spent. To that end, the college budget director sent me an e-mail asking for \$80,000 right away. Oh, and could I please tell him which account he could take it from -- as if any of our accounts had a balance that high. Getting the money on the street was not an option, so we ran a tab.

Figuring out how not to spend isn't that much harder than spending. What is difficult is turning down requests from people who have come to expect that their requests will be honored.

Most of the faculty members accepted the bad economic news and prepared to move on with their lives. But a few were convinced in their heart of hearts that no matter how bad things got, the administration kept a secret stash of money for cases exactly like theirs. Professor X, asking me for a new printer, insisted, "But it's only \$200. You can always find \$200 somewhere." No, I couldn't, and as she left the office she flashed me this baleful look, as if to say, "You'd do it for Professor Z."

Professor Z, in turn, would insist that I come up with \$100 so that Professor Y could bring his best friend from grad school to lecture. "He'll leave if you don't do this," Z insisted. "A hundred bucks? Come on. You need to make him feel wanted." Of course leaving over \$100 doesn't show much commitment to begin with. Then there was Professor Y himself, who walked in, sat down, looked me in the eye, and said, "This business about no raises? It doesn't apply to me, right?" Wrong.

It wasn't easy convincing the skeptics that there was no secret slush

fund, that there were no favorites still feeding at the trough, that petty cash was tapped out. There was no job freeze, as there had been a decade earlier, so some people refused to believe that the institution was in serious trouble. Perhaps the hardest thing to understand was that even when the money did begin to flow again, which it would some day, it would come back in a different form, and we wouldn't go back to the old ways of doing things.

But the institution was serious about its cuts. With 95 percent of my department's budget tied up in salaries, when I was asked to come up with a 5-percent reduction last year, the easiest thing to do would have been to turn out the lights, lock the doors, and send the provost the office keys. If we had been Enron, we would have filed for bankruptcy protection, dismissed our employees, and started over. Since we produced intangibles, like knowledge, those options were closed to us. So I formed a budget priorities committee and we sat down to see what we could do to stay afloat.

There wasn't much fat to cut, not even a lot of lean left to cannibalize. Our goals, determined through negotiations with the college, were reduced operational expenses, a smaller staff, and reduced instructor costs. Each cut meant changes in the department's quality of life, and our only consolation was that other institutions clearly had it worse than we did.

Cutting operating expenses proved manageable. The newsletter was one of the first items to go. It was a great public-relations vehicle for the department and brought in a lot of small alumni gifts. But those didn't even offset the cost of postage, and the editor's salary was needed to pay for teaching instead. My business manager found a cheaper photocopier. Faculty members would have to pay for their

own long-distance calls. We slashed travel money and the recruiting budget. Visiting speakers were out. We scrounged discarded computers from other departments. We still rented films for the film course, but we saved a few hundred dollars on exam booklets by creating a page of lined paper on the computer, photocopying it, and stapling the pages into packets, which everybody hated. In the end, we spent hours generating what amounted to token savings.

We reduced personnel costs by giving up a secretarial position and a student worker. The remaining staff members had to pick up the slack. They also had to learn the new and distinctly unfriendly university computer system, which required renumbering not just our accounts but all our courses as well. The staff savings frayed tempers and fanned paranoia. But in the end people settled down and pitched in: At least they had kept their jobs.

Finally, and most dramatically, we agreed to teach more students in fewer classes by increasing class size. The college wanted us to field large lecture courses with no discussion sections, trotting out a list of peer institutions that had done this on a broad scale. I remained skeptical. English as a discipline thrives on small, discussion-centered, writing-intensive classes. They should be rigorous, not touchy-feely. But they should be small. Moving to lectures tends to drive students away, at least initially. It also reduces the amount of help students get from their instructors and seriously cranks down the amount of writing that gets done.

But money talks. The carrot for amalgamating stand-alone sections into large lectures was new faculty hires. Plus, many of our newer faculty members liked the large-lecture format. We weren't willing to offer too many of our courses on this model, so we compromised,

increasing our classes by two students a section, and creating a handful of lecture courses with no discussion sections attached.

Our budget reductions, difficult as they were, brought us close to our target. But even with belt-tightening, we still finished last year significantly in the red. Since we're not Enron, that debt will have to be retired in the future.

To that end I plan on doing more than buying my own paper clips. While I still don't like the lecture-only model, and I don't know that students will buy into it unless they have no other options, I am going to try it the next time I teach my own linguistics-for-teachers course. Meanwhile, in my next column I'll offer Departmental Budgeting 102 on an even more explosive topic -- setting faculty salaries.

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