Budgeting Basics for New Academic Chairpersons

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Abstract

While this article has been designed for chairs-to-be and recently appointed chairs, the perspectives may also be of value to more experienced chairs. We will review the typical sources of academic income used to establish department budgets as well as the institutional budget models that are currently in place in higher education. Various aspects of the department operational budget will be considered as well as questions about the personnel budget and other accounts for which a chair may have oversight responsibility. While sizes of budgets are important, Chairs will be encouraged to investigate flexibility for use of monetary resources including other approaches to improving the use and stewardship of budgets. Opportunities created for the use of excess cash carry-over from year to year, and what incentives or other approaches that may be negotiated within the budgeting process will be discussed. Finally, strategies for increasing the expenditure freedom of chairs and for making the "resource pie" larger will be presented.

Introduction

Many colleges and universities are facing budget restrictions that grow more challenging on an annual basis due to changing student demographics that negatively impact enrollment, diminished state support, tuition caps, or tuition increase resistance. The impact of flat or reduced budgets is endured by department chairs who are expected to "do more with less", a once clever call to action phrase that increasingly draws derision and other negative responses. A way to combat this decline is for chairs to think creatively in terms of the department's income streams and to work closely with the dean to incentivize initiatives that will benefit both. In order to generate measurable outcomes in spending, chairs must understand how the budget works at the various levels of the institution.

Faculty, without significant training in business or finance, often have trouble remembering the details of their budgets and the applicable budget policies in a coherent manner. Even when chairs and deans have gathered this information, its applications for improving the expenditure environment is challenging and elusive. Beyond this budget understanding, political realities can also be problematic. So many chairs are appointed without full rank (or even without tenure) with increasing frequency [1] which add to "budgeting deficits" of new chairs. Recognizing these shortcomings new chairs might attend a conference or search the literature for information on budgeting. There is little out there probably because there are so many budget models used in our institutions and because those with the expertise to offer a session or contribute an article don't have a good feel for a useful level or depth for the audience. Based on feedback from a recent conference presentation, we have made the decision to "assume nothing and start at the beginning".

Objectives

The objectives here include introducing the novice to the basics of navigating budgetary issues, including some of the terminology, while recognizing that prevalent budget models in higher education vary greatly but do not necessarily preclude the suggestions presented here. The sources of department funding will be identified in the hopes that chairs can determine which and how much each contributes to their budgets. With these basics covered, the emphasis will now move to the dean and his/her role in facilitating your success as chair. A series of "local" questions for the dean that will clarify the availability of resources, the degree of flexibility with those resources, department fiscal obligations, and options and incentives to improve the department bottom line will be developed. Special emphasis will be placed on resource fungibility* and the fiscal-year carry-over* privilege. Strategies that expand the fiscal base where all parties benefit will be explored. Accounts, other than the one used for department expenses, for which a chair may have responsibility, will also be discussed.

Budget Models and the Basics of Academic Department Budgets

Budget Models. Institutions of higher education employ several basic budget models most of which can come in different versions or "flavors". We highlight six examples below, but assume that there may be many more that develop within unique contexts. Keep in mind that while these budget constructs may have highly variable implementations, the opportunity of chairs is to find or identify policies that might help you more optimally address your needs to show good stewardship and to apply fiscal acumen to financial planning.

* Briefly, *fungibility* refers to flexibility in assignments of one budget category to another category and *carry-over* refers to balances (or deficits) at year-end that can be deferred to (or addressed in) the following budget year.

The most common budget model in use is the **incremental model**. A study done by Education Advisory Board (EAB; [2]) suggested that about 80% of public colleges and universities use this model while 60% of private institutions use this model (based on 2011 data in [2]). The incremental model occurs when the budget from year-to- year is generally based on the previous year's budget with small changes depending upon increased revenues or cuts to the budget that are uniform across the university. There is not a review or re-visitation of the basic budget.

A **zero-based budget model** occurs when no information from previous budgets is used and each unit must request and justify spending *de novo* for the upcoming fiscal year. While this may be an effective way to ensure there will not be wasteful spending, it is a budget model that takes a great deal of time and effort to compile.

Activity based budgeting examines the various activities (e.g., teach a course) that generate increases in revenue. It is meant to drive certain outcomes (e.g., increased credits or completion rates). It requires a great deal of detail about the costs of various activities within a department or unit.

In the **Responsibility Center Management (RCM)** model, decisions about how to use money are made by the individual units that generate the revenue rather than higher budget entities. This type of model rewards units that can foster revenue growth (e.g., increased enrollment or new program growth or increased external funding) and incentivize decision-making. Those units are also responsible for costs that are paid for by central administration in other models (e.g., administrative taxes, library, assigned space size, space usages). RCM reduces central administration funding and can lead to internal, inter-unit competition. While the other models seem to be decreasing in usage, RCM is growing as cited by the EAB report [2].

Centralized budgeting occurs when all the decision making for spending occurs at a high level within the administration and may be used when schools are addressing financial challenges. Typically, universities have some combination of centralized and decentralized aspects of their budget.

Performance based budget models are funded based on performance indicators. In these budgets there is a clear connection between how dollars fund activities and how these activities result in certain outcomes (i.e., how certain course offerings might lead to increased degree completion). We see several states now using some performance based funding models for a portion of state appropriations.

It is important to note that the model used at the institutional level is not always the exact model used to set department budgets, but often the budgeting process creates hybrid models that optimize opportunities for the institution. Chairs should be aware of the dominant themes of their campus system in order to evaluate opportunities for developing fiscal strategies in their work.

Income Streams. A chair must have a grasp of all the available sources of funds that impact department budget sizes. This information is essential for making certain that the department is being treated equitably (maximized resources) and to have as many targets as possible for ideas for potential resource expansion. Excluding non-academic, auxiliary income (spirit-wear, athletics, rent, TV contracts, etc.), the sources of income available for department budgets may include include student tuition, state appropriation, grant overhead,† proceeds from the sale or licensing of intellectual property (IP), clinical income, program fees and course fees. At most public institutions, tuition and state subsidies are easily the largest income sources contributing to the size of department budgets. For private institutions, endowment income may be used in place of state appropriation with significantly higher tuition charged to make budgets work.

Academic program fees are found primarily in professional schools (e.g. Business and Engineering) and are justified by the greater costs of faculty compensation in those schools. Course fees are charges placed on some courses to pay for additional, justified expenses. Common examples include laboratory and distance education fees, fees to pay for extra help in introductory courses (operate a peer tutoring center in math or physics) or to pay travel expense subsidies for student field trips or travel-abroad experiences. A chair of Classical Studies at a teaching college where the administration uses the state appropriation to pay campus level costs could have just one or two income streams to track while a chair of Chemical Engineering at a research university may be entitled to a share of the income from several of these sources.

Budget Structure. Department budgets are typically comprised of two components, the Personnel Budget (PB) and the Operational Budget (OB). The PB contains the salaries and fringe benefits for all full-time and continuously appointed faculty and staff. It may have dollars for vacant lines if there are searches ongoing or planned for new and/or replacement hires. This part of the budget, although often several times the size of the OB, is set in stone except for unusual circumstances and chairs spend little time in its oversight.

The OB is the allocation used to pay routine, recurring expenses such as office supplies, travel, phone and internet charges, hourly wages, laboratory materials, capital purchases, guest speakers, and, in some cases, adjunct instructor salaries and graduate student costs. Items where the chair exercises some expenditure flexibility is referred to as the Discretionary Budget, which is a sub-component of the OB.

† Also referred to as F&A (Facilities & Administration) funds or indirect cost recovery (ICR) funds.

Communicating with the Dean

One of the most important aspects of addressing budget issues is the rapport and mutual respect between the chair and dean. All chairs want larger budgets and must recognize the importance of the dean in facilitating progress toward more effective uses of budgets and potential activities that can enlarge the funding in a department. Briefly, certain realities must be understood by any chair:

- Deans have authority to authorize many privileges to chairs;
- Chairs need to recognize the common goals of department and school in advocating an important fiscal opportunity;
- Chair initiatives and proposals should reflect strong, definable impact on mutual goals;
- Chairs need to balance faculty aspiration with institutional expectations;
- Chairs need to be effective at presenting accurate data-driven analysis; and
- Chairs must establish trust and display candor, civility, and demeanor when having discussions with the dean.

It is also helpful if both parties have similar levels of understanding of how campus and school finances work. We recognize that this is not the case with most of the reading audience thus explaining the impetus for this article. We will attempt to get the novice chair up-to-speed by identifying specific questions that could be asked of the dean.

Queries for the dean impacting OB size. Armed with a list (e.g. tuition, lab fees, course fees, F&A) of income sources generated by the department the chair is now prepared to inquire as to what sources are used, and at what levels, to set the department’s budget. Do they match the list? Are they represented in a proportional manner or allocated by formula? What other factors influence the department’s budget?

Answers to these questions will allow chair to generate estimates of the percentages of tuition, fee income and F&A that are returned to the department as part of its budget allocation. It will also demystify an allocation given as simply “tuition and fees”. It should be understood that a significant number of dollars go to cover campus level costs. The state appropriation as well as a part of tuition income are typically applied to campus costs. Because, as the major income stream, tuition pays a large share of the costs at all levels, chairs should expect a very small percentage of earned tuition will find its way to the budget. Some course fees, however, should be returned to the departments at near 100%. For example, fees associated with a 3-day field trip that will cover transportation, food, lodging, etc., expenses and fees associated with supporting a student resource center should be returned to the department at 100% assuming that the expenses were accurately calculated and no institutional “overhead” was included at the time of fee approval.

Responses to the above questions will also give the chair some ideas on how best to change priorities to enhance the budget yield. It will also assure that the contracted dollars to cover legitimate expenses are in the budget. Otherwise the department may be placed in a situation where it must subsidize student resource centers and student field trips. If the dean cannot provide answers to the questions (may be found in systems where incremental budgeting is done using historical bases that no one remembers!), the logic behind them may prompt the dean to change the allocation system to one based on parameters reflecting the current reality.

Queries for the dean on allocating expenses. Thus far the conversation has been directed at income; it is now time to talk about expenses. This is the "Who pays for what?" question. It is very important that the new chair know what the department must cover from its OB and what may be paid by the school/college or campus. Significant and common examples include adjunct salaries, graduate student stipends and fees, new equipment acquisition and repair, student initiatives, and remodeling costs. Some institutions hold adjunct pay centrally presumably to keep costs down by insuring minimum enrollment in each section. Others provide a reasonable amount in department budgets along with the authority to spend unused adjunct funds elsewhere, thus making the decision to offer the course with only 5 students less likely. Student initiatives (e.g. tutoring centers or peer mentoring programs) can be costly and usually cannot be accommodated by the department budget. They are likely paid for by the campus or school, if funds are available, or supported by a course fee paid by all students enrolled in the courses served.

There is always the possibility of school/department sharing the costs for some of these items. Some institutions have central pools of money from which departments can draw funds for graduate stipends while the departments may be expected to take care of the other costs (tuition, fees and insurance). Similarly, the purchase of research instrumentation (over a threshold value) might be covered at 30-50% by the School/campus while the rest could come from the department and the PIs or through external grants. Instrumentation repair costs, again beyond a threshold value, might also be shared. Both sides having "skin in the game" is way of assuring the legitimacy of the request and reduces the number of minor requests that can be handled by the department. Having this information is essential for chairs in budget planning and management.

Queries for the dean on budget reports. Incoming chairs should become familiar with the institution's monthly budget reports as soon as possible and preferably before taking the chair position. These reports can be very complex and often have entries that do not matter very much. Assuming there is no staff member in the department who manages the fiscal affairs of the unit, the chair might ask the dean or his/her budget person to assist in this instruction. Another potential source of enlightenment is the other chairs in the school. Again, ask the dean or the fiscal person which chairs do good job at this; don't ask just any chair for help. Familiarity with these reports will allow the chair to quickly determine line balances at any time, know when it is time to move dollars around, and make accurate semester and year-end projections.

Queries for the dean on the reallocation of funds. Relevant questions here are: (1) Is the operating budget provided as a lump sum to be distributed into funding priorities determined by the chair or are the funding categories populated by dollars when the budget is received by the department? (2) Can money be moved among budget categories? If so, is approval (Dean or beyond) required? Are justifications required? (3) What mechanisms are available to departments to fund major purchases and projects that cannot be accommodated in one budget cycle? These questions address the level of flexibility of the budgeting philosophy and whether funds in the OB are largely fungible (movable within the budget).

Budget flexibility allows chairs to address emergency situations (hiring an extra, beyond the budget, adjunct to take over for an ill faculty member or to repair a heavily used instrument) or to seize opportunities (manufacturer's 25% discount on a coveted imaging system for use in undergraduate teaching laboratories.). This also fosters chair development in the area of stewardship of institutional resources, saves deans the time involved in reviewing the petitions for moving money, and may save deans' resources by allowing the department the flexibility to purchase that imaging system.

Queries for the dean on year-end surpluses and deficits. The first questions here are what happens if there is a surplus or a deficit in the department budget at the end of the fiscal year? Does the surplus carry over/carry forward or is it swept by higher-ups? Can some or all of it be retained with appropriate justification? Must the department repay any deficit from future annual allocations?

Most new chairs are cautious about over-spending during their first year. At about the 80%-time mark, the chair may calculate that the department will have a surplus and, in the absence of a contingency plan for department approved expenditures when excess funds are available, might send an email to all faculty and staff saying that each will have $2,500 to spend in the next two weeks. This "use-it-or-lose-it" situation leads to wasted resources (How much copier paper can/should you stockpile?). A carry-over privilege would allow time for the department to sit down and consider the best way to invest that $25,000 or more (assuming a faculty plus staff count of 10 or more). Beyond these small amount examples, it is also essential for departments that require a few years to save for major purchases. When dealing with carry-over policies that may be too restrictive, seeking options to accommodate greater flexibility are often best proposed at the beginning of the term when there are no imminent problems to address.

Many institutions do not allow carry-over while others do. Thus, new chairs are encouraged to ask whether it is possible. If they are told it is not allowed they should ask whether this is the result of a formal institutional policy or just a practice. In another route of inquiry, chairs should ask the dean whether he/she is allowed to carry over school surpluses. If the answer is ”yes”, then a new chair could ask the dean to carry over the department surplus with the promise of spending it on a “good cause”. This scenario also affords an opportunity for the Dean to request greater authority from the campus budget office to grant such requests. Following through on your own wise spending choices might create the trust necessary for future such requests or even greater autonomy. The carry-over privilege promotes good stewardship of institutional resources and serves as an incentive for departments that want to do more and better.

So, why is carry-over disallowed at some colleges and universities? Perhaps the administration has been become accustomed to the flexibility that the cash collected at the end of the year provides. Perhaps it is due to board members who are from the corporate world or because of a legislature that sees this as a cost saving measure. By far the best reason for disallowing carry-over is that having idle money on hand makes it difficult to approach legislature for an increase in funding. The reader should know that, even in budget systems (e.g. RCM) where carry-over is listed as a positive aspect or strength of the system, it still presents some difficulties for administration.

What strategies can be used to overcome resistance to allowing carryover? First, the chair needs a compelling plan (“good cause”) for how the dollars will be spent. The justification for these future expenditures should be explicitly linked to the campus and/or school strategic plans. For example, creating a fund for UG scholarships for continuing students would address the common goals and objectives of making higher education affordable, reducing student debt, and accelerating student graduation. Every dollar recycles to the institution and, in some cases, as additional registrations. In addition, effectively marketing this program can enhance recruitment success. Compelling cases can be made for carry-over accounts that are established for instrumentation used in teaching or research, faculty development, the coverage for faculty publications costs, undergraduate research, and the renovation of space. Second, each account funded from carry-over, should have an appropriate label. For example, UG scholarships in Psychology, Faculty Development in Computer Science, etc., will remove these dollars from at least some of the negative scrutiny. Third, follow through and invest the dollars. All, but possibly instrumentation and renovation, should have regular expenditures each year with robust and visibly favorable outcomes. Allowing for carry-over also benefits the dean because fewer "asks" can be expected from faculty for travel dollars, special assistance, new projects, etc.

Should the dean not be convinced of the value of allowing carry-over, there are some strategies that a chair can employ to avoid losing or squandering resources. Possible scenarios might include:

1. Prepare, and review annually, a list of items that represents a "wish list" that has been compiled with faculty and staff input. Review the budget as the year plays out and select items from the list to purchase before the end-of-year deadline (usually 2-4 weeks before the fiscal year ends).

2. Purchase goods and services (e.g. lab and office supplies, planned equipment, airline tickets, service contracts, computers) for the next year.

3. Collaborate with other chairs by purchasing a major item(s) one wants from a contribution pool, with another department getting its chance the following year. Keep track of each's contributions and withdrawals from the collaborative account.

What happens if the department closes the year with a deficit? This is not uncommon and, at some institutions, seems to be expected. These deans must have a line in their budgets to cover the cost. If this is the local practice the chair must determine the magnitude allowed, the frequency of occurrence, and the acceptable justifications for overspent accounts. In decentralized budgeting systems (e.g. RCM) deficits carry-over; large ones can take years to erase. It seems only fair that, if a department is allowed to keep a surplus then it should also carry-forward any debt.

The Personnel Budget. As stated earlier, this part of the budget is very stable and is typically 3-4 fold larger than the OB. This tells us that higher education is a people-based enterprise. However, the percentage of the budget dedicated to faculty salaries is not uniform across disciplines. For example, schools of arts and humanities or liberal arts (AH/LA) usually have relatively more faculty and less staff and other expenses than a school of science. When there is a significant and abrupt loss of income, science can alter its laboratory experiences (and expenses), close cores, jettison service contacts, and reduce non-faculty personnel while liberal arts quickly depletes its discretionary funds (travel and office supplies) and must turn to the PB for savings.

Schools of AH/LA are currently experiencing a "perfect storm" that promises to keep their enrollments suppressed. Their majors are decreasing while the STEM disciplines flourish. This could correct itself over time but other challenges faced by higher education will not. The increasing availability of on-line courses from external organizations, the push for students to take AP courses and exams, and the rapid growth of dual credit courses have hit the AH/LA particularly hard. Increasing numbers of students arrive on our campuses with many introductory courses, including general education courses, already completed through these means. Science and technical courses are more difficult to deliver on-line and in high schools and are not a dominant piece of the incoming student transcripts. In addition, STEM majors are more likely to use these early experiences (e.g., AP and dual credit courses) in order to do well in the comparable college courses so they can be more competitive for graduate and professional schools.

Queries for the dean on the PB. Every department will have personnel turnover with large units experiencing this on an annual basis. Assuming the positions will remain with the department, staff lines that are vacated typically remain unfilled for 6-8 weeks at a minimum. Depending on when a faculty member departs that position could remain unfilled for a year or longer unless the faculty member announced her/his intentions well in advance. While vacant, these lines will accumulate salary and benefits (called salary savings) as cash. The new chair should ask whether this cash is available to the department or whether it is swept by the dean or the campus. The latter is the likely response but the chair can follow-up by asking under what circumstances can the department gain access to part or all of the money in the line. For example, if this is the third faculty vacancy, the chair could make the case for a visiting faculty member to assist with teaching or could make an argument for extra adjunct dollars providing there is no money remaining in the department's budget line for adjuncts and that the department does not have carry-over dollars.

Vacant positions also provide the chair with the opportunity to change the personnel mix in the department. What worked well 10-15 years ago may not be ideal moving forward. The chair should consider constructing a regularly up-dated staffing plan [3] for the department and share it with the dean such that, if an opportunity arises, the first step will be anticipated and can be implemented quickly.

Pathways to Budget Expansion

Now that the new chair understands the basics of local budgeting process it is time to explore, with the dean, possible ways to increase the department's allocation. The ideas presented here are not focused on reallocating dollars from other campus units but instead seek to bring new resources to the institution. That is, rather than seeking to garner a bigger piece of the pie, they focus on making the pie bigger.

Incentivizing improvements. The conversation with the dean might start with "What if….", have a variable middle "we increase the number of undergraduate (or graduate majors, the credit hours taught or degrees conferred, the retention rate and student success in the first two years, overhead from external funding" and will end with "how will that impact my allocation?" A savvy dean will realize, assuming his/her budget will be affected by the increased income, she/he stands to gain (dollars, good will, notoriety) as well. After assuring that the chair has a solid plan for the initiative(s), the chair and the dean can come to a revenue sharing arrangement.

The benefits of income from external grants. Before developing this topic, it is appropriate to realize that all types of institutions can apply for and receive grants; they are not for only research universities. Grants can be for individual research, remodeling university space, or programs that address student learning, support, success, etc. Sources for these monetary awards include federal and state agencies, corporations, industry, and private foundations. Grant money allows the recipient to do worthwhile things that they could not afford to do otherwise or run projects or programs that place no fiscal requirements on the institution.

Our institutions have negotiated with the federal government, facilities and administration (F&A) charges of a significant percentage of the grant's budget to recover the institutional costs (indirect cost recovery) of the project. Rates will vary among granting entities from 0% to the full F&A rate (>100% for a few institutions). Most institutions return, in university funds, an amount equivalent to part or all of the F&A to the units (schools and departments) that generated it and, in some cases, to the principle investigator (PI) in order to incentivize grant writing and acquisition. Because the dollars returned are university funds that have been displaced by the external funds, there are no restrictions placed on how they can be spent beyond the rules for expenditures from the OB. Chairs should strongly encourage grant writing and, for the long term, hire new faculty with this ability and interest.

Beyond F&A, there is another often-overlooked fiscal benefit of grants. We will use the following scenario as an example:

> *A faculty member on a 12–month appointment lands a grant where he/she has budgeted and will devote 20% of his/her time to it. This means that 20% of faculty member's academic salary plus fringe benefits will be paid by the grant and freeing the comparable funds from the regular account.*

The partial displacement of the faculty member's salary by the grant results in a second form of salary savings. Because this is the result of faculty initiative and because it results in new money coming to the institution, in most cases a significant percentage is returned to the department that generated it. The faculty member might then make a legitimate request for a work reduction of 20% to accommodate the work on the grant. This would be called a buy-out and would result in less service or release from a portion of the normal teaching expectation. The new chair should explore the availability of this form of salary savings as well as the level of the financial benefit to the department. If there is no institutional policy governing (percent of salary required per course and the maximum number of courses that can be bought-out per year) buy-outs, an entrepreneurial chair might take the leadership on this and draft such a policy. In order to fully benefit all levels of the institution, the policy should require the recovery of the full effort (20% in the above example) of the faculty member and not restrict the amount only to the cost of an adjunct.

Other Fiscal Items New Chairs Should Know About

Grant accounts. While the benefits (shared F&A and salary savings) of grant funding can be substantial, there are also some potential downsides to them as well. Does the responsibility for appropriate accounting of grant resources not lie with the PI? Ordinarily, the answer is "yes" but there are occasions when the answer may be "not always". For example, a 3-year grant has been completed and the account is found to be $20,000 in the red. Who is liable for these charges? In another example a granting agency audit determines that several individuals have been improperly paid and wants all the resources involved returned. Where does the liability lie in this case? At some institutions the responsibility goes to the next level up – the department. Chairs should clarify this responsibility with dean very early. Furthermore, chairs in departments where grants are common should make absolutely clear that there are expectations of appropriate grant oversight by PIs. Finally, chairs might consider additional oversight from a staff member for grants held by faculty who are careless or just not focused on account balances and other fiscal details.

Philanthropic/Foundation accounts. Chairs often have the responsibility for private accounts held by a Foundation that hold donations from faculty, staff, students, families of students, alumni, corporate friends, and others. Some of these monies are held in restricted accounts from which money can be withdrawn only for purposes designated by the donor. Student scholarships are common examples. In many cases these are endowed awards where the principle remains intact and the investment proceeds are awarded each year. Unrestricted accounts have wide spending flexibility. Chairs are recommended to scrupulously honor the intent of restricted accounts and avoid extravagant spending from unrestricted accounts that dampens future contributions and undermines the work of the development staff.

Philanthropy can favorably impact the departments OB in substantial ways. Scholarships can be used, with appropriate marketing [4] to attract more students to campus. Increased enrollment translates into increased income that the department can share if this dimension is incentivized. Engineering and Science disciplines that attract industry gifts that will support equipment purchases and upgrades will have savings from the equipment line the OB to invest elsewhere. Finally, for larger gifts, donors can have an endowed professorship or chair carry their name. This will free up on a permanent basis a good portion or all of the salary and benefits of an outstanding faculty member while simultaneously raising the profiles of the department and institution. New chairs should inquire about the amount the department would retain; it should be in perpetuity but this should be confirmed.

Advisory boards. Members of boards provide advice to chairs and deans, serve as advocates for the unit, and disseminate its virtues throughout the community. A carefully chosen board is comprised of individuals who are important leaders in their own organizations and know many others in the community of similar stature. Some institutions have board member dues while others strive to make board members avid believers and rely on their fervor to contribute to the unit's success. Among the strategic goals of most schools and departments is one associated with increasing philanthropic giving. Board members realize this and will look forward to progress reports from the chair or the school/department development officer at each board meeting [5].

Alumni. Alumni were just listed among philanthropic donors but they can contribute much more to the department. They serve as mentors and role models for existing students, host internships. provide employment and represent, through their success, the quality of the education they received in the department and institution. Professionals in alumni relations and development will say that the engagement process in creating a strong alumni and generous alumni donors begins during the undergraduate experience [6]. This issue is raised here to alert new chairs to continue or initiate practices that cultivate alumni participation and donation.

Summary

The financial responsibilities of department chairs can be quite daunting. The goal of this paper was to familiarize new chairs with important topics and ideas related to their budget and provide strategies to work with the dean to improve the departments financial health. Economic challenges exist on most college campuses and require that the chair be effective at navigating the budget process to ensure stability in their department.

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