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Edwardsville Bulletin

To the Faculty and Staff of Southern Illinois University at Edwardsville

January 9, 1978

Vol. 10, No. 20

TO: University Community

FROM: Earl Lazerson *E.L.*
Vice President and Provost

SUBJECT: Budget Reallocation and New and Expanded Program Requests

In my meetings with faculty and staff, information has been requested regarding budget reallocation and the relevance to it of new and expanded program requests. There are a number of related issues to be addressed.

Why budget reallocation?

First, we recognize that there is not sufficient money to do all of the things that we wish to do and can do well. Because of this deficiency, it is necessary that we decide annually which program needs must be met by our limited funds. Second, some programs can, for a period, exist without replacing a staff member or can partially support themselves with grant monies. When these circumstances pertain, the freed funds are available for use in other important functions. Third, there are sometimes priority activities which need supplemental support for a time--to cover start-up costs, for example--but for which budgets can be reduced later. Finally, changing circumstances, demands and needs can move resource requirements either up or down. Budget reallocation attends to these situations.

What are the forms which reallocation can take?

Reallocation can create either recurring or non-recurring changes in a budget. Funds transferred to a unit can be made a part of that unit's base (in which case those funds can be spent by the unit on a continuing basis) or they can be added to a budget for a limited period after which they are withdrawn for other uses. The small amount of flexible money available requires that most reallocation be non-recurring.

Where does money for reallocation come from?

Sometimes units can give up some of their State appropriations with relative ease. A temporary staff vacancy can be managed; a grant or contract permits the transfer of personnel to non-State budget lines; a reduction in student demand is attended by the retirement of that instructor whose courses are no longer needed. At other times, the financial needs of the institution and its

objectives require that units give up money which is important to programs. This situation, when it occurs, is preceded by a thorough study of alternatives and a careful appraisal, by this Office, of the impact of the budget reduction. I have neither favored nor applied "across-the-board" cuts but have, instead, held lengthy discussions with academic administrators to address their individual needs and the needs of the institution.

Are there ways to improve the reallocation process?

Yes, and a variety of them are under study this year. In the Resource Allocation Management Program (RAMP) document, there is a section on procedures for resource allocation (RAMP 1979, Planning Statements, page 110). That procedure depends upon a clear understanding and delimitation of goals and an adequate set of achievement measures. The self-assessment process, begun by this Office last year, is undergoing refinement to improve our ability to understand objectives, accomplishments and needs so that reallocation can be both appropriate and equitable.

What is the relationship between reallocation and new and expanded program requests for supplemental State dollars?

If, after our NEPR submissions are reviewed by the Illinois Board of Higher Education, that body recommends (and the legislature appropriates) new dollars, that money is made available for the purposes developed. However, because the funding level requested by units is almost never recommended by the IBHE and because recent history suggests that even these limited levels are reduced in our final appropriations bill, judgements as to the distribution of such dollars must be made. Funding is allocated to those programs which display the most urgent need and the most congruence with current University objectives. Other programs whose requests for funding are reasonable and necessary in order to accomplish important things may be the recipients of reallocated dollars. Thus, the submissions of thoughtful requests for program extension can serve this Office in its long-range planning and budgeting activities even in the absence of specific receipt of new dollars.

Are NEPR dollars really additions to our State budget or would the total remain the same without those submissions?

This common question can only partially be answered. For FY 1977, an attempt was made by the University and local legislators to restore "new program dollars" to the Southern Illinois University at Edwardsville budget. Had that attempt been successful, the increment would have been easy to assess. In other situations, the impact is not so easily established. I believe, however, that we do gain revenue through this process and that well-conceived program intentions, displayed before the IBHE, improve our general ability to obtain financial support for the institution.

Are there better ways to handle NEPR review and submission?

I believe that this year's advance determination of specific topic areas is a step in that direction. The involvement of Ms. Altes, Assistant Vice President for Academic Programs, as liaison with the University Senate review

group should improve the communication and information needed for conscientious priority development. Discussion currently ongoing with IBHE staff to ascertain areas of growing statewide interest should allow further clarification of needs and procedures for next year.

Though I am confident that this discussion does not exhaust either the questions or the responses, I hope that it is helpful and that it conveys some of the viewpoints of this Office in regard to budget matters.