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ARTS COLLEGES

DISSERTATION
Presented in Partial Fulfillment of the Requirements for
the Degree of Doctor of Philosophy in the Graduate
School of The Ohio State University

By
Russel A. Jones, B.A., M.R.E.

* * * * * * * * *

The Ohio State University
1968

Richard J. Frankel
Adviser
College of Education
DEDICATED

to
My Family

Joann
Lydia
Bradley
Jeannette
Julia
ACKNOWLEDGMENTS

To make proper acknowledgment to all who have assisted in my educational and professional development is impossible. Many visible and invisible hands have influenced my progress to this point. Special acknowledgment is given to the professional educators with whom I have had the privilege of studying during the past several years. I am indeed grateful for the guidance and counsel given me by my adviser, Dr. Richard J. Frankie. I am also grateful to Dr. Everett J. Kircher and Dr. William Dowling, who served on my reading committee. Special acknowledgment is given to Dr. Collins Burnett for arousing my interest in this study.

Special acknowledgment also is given to Miss Nancy Housand and Mrs. Florence Downey for typing of the preliminary draft, and to Mrs. Doris Coombs for the final draft of the manuscript.

August, 1968

Russel A. Jones
VITA

April 14, 1933 Born, Kenton, Ohio

1960 B.A., Campbellsville College, Campbellsville, Kentucky

1964 M.R.E., Southern Theological Seminary Louisville, Kentucky

1965-1966 Graduate Admissions Counselor, The Ohio State University, Columbus, Ohio

1966-1967 Dean of Students, Urbana College Urbana, Ohio

1967- Director of Development, Urbana College Urbana, Ohio

FIELDS OF STUDY

Major Field: Higher Education

   Studies in Higher Education
       . . . . Professor Richard J. Frankie

   Studies in Adult Education
       . . . . Professor William Dowling

   Studies in History and Philosophy of Education
       . . . . Professor Everett J. Kircher

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CHAPTER I
INTRODUCTION

The American ideal of educating people for the good life has become more meaningful with the passage of decades. The significance of this distinctive feature of American philosophy, the idea of giving each individual the opportunity for higher education, has become even more apparent since World War II. Educators have discovered that the portion of the population benefiting from education on the college level is much larger than anyone had expected. Cartter reflects this increase by stating that a 1,396,000 college enrollment in 1940 had nearly doubled in a ten-year period to 2,436,000 in 1950.\(^1\)

A. Statement of the Problem

At the termination of World War II, the nation’s educators were presented with the complex challenge of planning and implementing adequate programs in higher education to meet the need of the alarming number of enrolling students.

Thousands of returning servicemen availed themselves of the opportunity to attend the existing colleges and universities, public and private. The Servicemen's Readjustment Act (Public Law 346),

which came to be known as the G.I. Bill of Rights, was one of the most significant actions of the Federal Government in post-war higher education. This bill became a model for future federal legislation in the area of higher education. The "G.I. Bill" made veterans eligible for financial aid while pursuing approved school, college, or on-the-job training. Nearly two and a quarter million veterans received educational support under this bill at institutions of higher learning, while nearly 614,000 received similar aid under Public Law 16, for disabled veterans.²

Unhampered by educational traditions, post-war educators studied their tasks with fresh, realistic, and open-minded approaches. New forms of education began to appear, such as technical, vocational, and professional technician's schools. The community college movement proved to be one of the most important facets of post-war higher education. It is interesting to note that in such a revolutionary period as the immediate post-war years, the community college is pointed out as the most dynamic addition to American higher education. Cartter states, "The only distinct structural unit of higher education to emerge during the twentieth century has been the two-year college."³ He points specifically to the junior college enrollment before and after World War II:

<table>
<thead>
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<th>Years</th>
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<tr>
<td>1939-1940</td>
<td>150,000</td>
</tr>
<tr>
<td>1949-1950</td>
<td>244,000</td>
</tr>
<tr>
<td>1963 (Fall)</td>
<td>627,000</td>
</tr>
</tbody>
</table>

²Ibid., p. 60  
³Ibid., p. 24
These figures show the acceptance of the two-year college by those seeking further education. The establishment of a system of community colleges by individual states proved to be a significant development in higher education during this period.

Another area of education coming into its own during and after the war was the adult education movement. The desire for self-improvement was the chief influence for post-war adult education. Adults desired new skills for obtaining better jobs and cultural enrichment.

The opportunities in the above areas were almost limitless. The post-war proliferation of educational offerings made it possible to obtain a college degree on a part-time enrollment basis, as well as take a leisure time course on Saturday morning. One could become a draftsman by correspondence or an auto mechanic by attending a round-the-clock trade school.

Further fragmentation took place in American higher education following Sputnik. Colleges and universities expanded, spread out, and multiplied. Higher education, already big business, became "big, big business" and faced, like many expanding businesses, mounting financial problems.

The largest, most far-reaching, most visionary educational plans of today are likely to be too small in the next decade. McGeorge Bundy,

---


5Carter, loc. cit.
President of the Ford Foundation, recently alluded to this crucial problem when he stated in an address:

"Our colleges and universities, over the last 20 years, have experienced an explosion that is without precedent -- in buildings and in budgets, in students and in professors, in reputation and in rewards -- in power and pride and in deserved prestige."6

Bundy was stressing the point that America's colleges and universities were facing a critical financial emergency. What looked like triumphant success to many disinterested observers was actually the painful fact of a potential bankruptcy in American colleges and universities.

B. Importance of the Study

Higher education in the United States is, and has been, for the most part poorly financed. Keezer, writing nearly a decade ago, found that the existing situation was most strikingly attested by authoritative findings, in that many faculty members were, on the average, only about half as well paid as they should have been.7 Today, most colleges and universities in the United States are presenting an affluent image, but according to the President of Columbia University,

---


"... we are facing what might easily become a crisis in financing of
American higher education, and the sooner we know about it, the better
off we will be."\(^8\)

Some educators undoubtedly label the above cautionary remark as
overly pessimistic. To some, who see the educational institutions
with more money, more students, more buildings, and better paid
faculties than ever before, it seems there is no apparent danger con­
fronting higher education today. They have failed to realize that
there are few colleges in the United States without at least one new
building under construction and that these construction costs amount
to more than $2 billion a year.\(^9\) Other important areas of higher
education having financial overtones that they fail to recognize are:
faculty salaries, which have nearly doubled in the last decade; more
than 300 new colleges and universities have been founded since 1945
and have nearly doubled already;\(^10\) and in 1966, 36 percent of all
voluntary contributions went to just 55 major universities. In the
same year, some 70 per cent of the Federal Government's funds for
higher education went to only 100 institutions.\(^11\) Great gains have
been made in education, but if the current trends of enrollment and
costs continue to climb, educators will face even greater problems
than have been noted above.

\(^8\)Bundy, op. cit., p.3.
\(^9\)Ibid., p. 4.
\(^10\)Ibid.
\(^11\)Ibid., p.5.
Not only must the colleges and universities in the United States serve millions more students in the years to come, but they must also equip these young people to live in a changing world of constant challenge. Rapid growth far into the future is the dramatic probability for American higher education. Achievements of education, so striking in the past, are likely to grow in geometric ratio as space is explored, and as technology reaches to the once-remote corners of the earth. The needs and challenges of man will doubtless increase. A larger population will require abundant pure water from the oceans, food crops from barren wastes, minerals and medicines and foods from the seas, synthetic fuels, replacement parts for the human body, effective air pollution control, production systems adequate for rising populations, and solutions to countless other technological and socio-economic problems. The accomplishments of today suggest high optimism for tomorrow. A better world of the future will be based on close cooperation between education and industry, agriculture and business, government and community. The successful financing of higher education during the next ten-years will determine whether or not higher education can meet these challenges. It will be a crucial assignment for college and university administrators.

The present financial plight facing institutions of higher education has been greatly intensified by the projections of estimated enrollments for the decade ahead. It is almost impossible to pick up a piece of educational literature without being exposed to the future predictions of expanded enrollments, necessary buildings
(classroom space), laboratory equipment, and needed faculty. The evidence seems to be indisputable that all phases of higher education will increase drastically during the next ten years.

Future predictions have been based upon the population explosion, pressures of modern society and industry for the college trained young people, and the emphasis placed on formal education by today's modern technology.

The most widely accepted prediction is that nearly 8,000,000 students will be enrolled in institutions of higher education in the academic year 1970-71. The predictions made by Henderson in 1960 show how the enrollment has gone beyond all expectations. He predicted 6 million college students by 1970. Present enrollment now stands at 7 million, twice that of 1960. The writer feels this figure is too conservative. If only 50 per cent of the eligible young people seek admission to college, the enrollment will soar to an all-time high of 7,500,000 by 1970. Even this figure, as low as it is, coupled with the demand of industry and government for the prospective graduate, is enough to cause many financial problems in higher education, unless college and university leaders begin long-range fiscal planning.

---


14 Bundy, op. cit., p. 8.

15 ibid.
The writer suggests a projected ten-year master plan of finance for the small, private liberal arts college as a means for meeting and overcoming the problems noted heretofore. The importance of such a plan is almost impossible to ascertain. It could provide a much needed budget "tool" for small colleges. This projected program budget would help provide a financial basis for future planning and would also precipitate important data for meeting long-range fiscal commitments. This plan would call for a ten-year program budget. Many educators scoff at such a suggestion, because they contend that it would be impossible to draft a budget of a decade projection. They insist that the estimates of income and expenditures would prove to be nothing more than "guess-timates" and would ultimately prove disastrous for the small college. The writer disagrees strongly with this position.

The term "program budgeting" means different things to different people. Some educators feel it is nothing more than reconstructing budget exhibits by accumulating costs in more meaningful categories. Others look at the program budget only in terms of a longer time span than the commonly accepted one-year budget. To still others, the concept of program budgeting includes all the foregoing plus Novick's significant addition in which he states that the concept of the program budget utilizes "arrangements for enforcing the allocative decisions through appropriate implementation provisions. Such arrangements might, for example, include institutional reorganization to bring relevant administrative functions under the jurisdiction of the
authority making final program decisions." Thus, program budgeting is, essentially, a grouping of people, equipment, and activities in relation to their principal educational tasks to achieve the goals set forth by the institutions.

For many years American business and industry, merchandising organizations, and government agencies have made long-range projections of income and expenditures. The leaders of these organizations have based policy decisions, plant construction, productive planning, sales programs, and debt commitments on such estimates.17

A long-range program budget based on estimates of income and expenditures, possible changes in economic, social, and environmental factors can be utilized by a small college to gain a financial perspective for the decade ahead. It would take into account all of the college's future commitments such as: tenure, automatic increase salary schedules, or increases in levels (nationwide) of faculty salaries, fringe benefits, maintenance on buildings to be constructed, curriculum development, library expansion, campaigns, as well as rising prices.18

Many small colleges have long-range plans, but it is unusual to find one engaged in long-range fiscal planning. Not only is it wise

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17Rosecrance, op. cit., p. 138.

18Ibid.
for the small college to draft a long-range program budget, but it is a necessity if the college is to meet its responsibilities for existing as a quality educational institution.

C. Basic Assumptions

It is with this thought in mind that the writer will develop guidelines in this dissertation for a ten-year master plan of finance for small, private, liberal arts colleges. Guidelines that can be adapted to any small college (under 2,000 students) providing a financial perspective and firm foundation for future planning.

The writer has chosen the liberal arts college because he feels it is the type of institution best suited for utilization of the program budget as set forth in this dissertation. The outcomes of liberal education are actually determined by the programs and methods used rather than by the statement of objectives. The liberal arts institution fosters the type of education which helps to liberate man from ignorance, superstition, fear, prejudice, unnecessary physical handicaps, and the need to use force in trying to solve recurring social crises. To put it more positively, the liberal arts college offers an education to help produce men who are sensitive to the limiting forces of time, because of their human experiences.19

The basic assumptions of this study are: (1) that every college, regardless of size, needs a long-range program budget; (2) that very few colleges have a projected plan of finance; (3) that a set of general guidelines could be adapted by a small college giving it a

19Henderson, op. cit., p. 28
basis for projected fiscal planning; (4) that a long-range program budget can save the small college money, strengthen its educational program, and insure expansion of its physical plant and educational programs; and (5) that a budget committee would welcome guidelines for projecting long-range estimates of income and expenditures.

D. Procedure of Study

The procedure the writer will follow for this dissertation will be to structure a model college from the responses of the colleges in the Council for the Advancement of Small Colleges. The writer has chosen "CASC" colleges because they form a voluntary association of small colleges bonded together for their mutual benefit and for the advancement of quality education.

The Council was founded in 1956 for the purpose of providing small colleges with a collective means of reaching various goals more quickly and effectively than might be possible through independent effort. These goals include regional accreditation, expansion of enrollment, raising of academic standards, liaison with other educational associations and federal agencies, improvement of faculty qualifications and salaries, strengthening of financial resources, development of physical facilities, and improvement of public relations.20

The current membership is 81 colleges in 32 states. These institutions of higher learning are located all over the United States.

States: 19 in the Northeast, 18 in the South, 33 in the Midwest, and 11 on the West Coast. Four of these colleges are for men only, three for women only, and 74 are co-educational. Fifteen are independent, 55 Protestant, and 11 Catholic. All of the member colleges are four-year, non-tax-supported, private institutions of arts and science with programs leading to the baccalaureate degree. CASC also serves its membership in five basic areas: research, coordination, public relations, fund raising, and federal relations.

The foregoing purposes and the wide cross-section of colleges in the Council for the Advancement of Small Colleges make it a rich medium for a study such as the writer is proposing. The mean of the data supplied by these colleges, via two survey instruments, will be used, along with predictions for the future by the presidents and business managers of the responding colleges. (See Appendix).

Through this "model" college the writer will show the methods of planning, preparing, and adapting the program budget for a ten-year master plan of finance. He will also include a comprehensive plan of raising the revenues to implement such a program.

The model college will be formed, as stated above, by the data afforded by the survey instruments. A full description of the college, its setting, faculty, student body, program, past history, and future ten-year projected plans will be established. From this point the whole dissertation will be worked out as if this college were a real institution planning its program for a decade projection. The program budget will be the main tool of consideration throughout the whole paper.
The writer will then deal with the planning of the projected program budget for this hypothetical college. The importance and purpose of the program budget will be spelled out. The acquiring, examining and establishing of the necessary assumptions for planning will be examined along with the responsibilities of the president and governing board.

The preparation of the program budget for the ten-year projection will be dealt with, taking into consideration the process of estimating the income for the ten-year program as well as the projected expenditures. A formula for estimating cost and income will be devised. Procedures for making budgetary requests will also be covered.

The writer will endeavor to explain the uniqueness in the procedure of adoption for the projected ten-year program budget. This section of the dissertation will cover the presentation of the budget coupled with the illumination of the problems certain to appear. The methods of budget control and budget revisions will be discussed in order to show how a budget can be both rigid and flexible—especially when projected for a decade ahead.

The writer will include a planned ten-year program of funding to carry out the projected program. The long-range campaign will include techniques for raising "known" monies such as: alumni, parents, donors of record, etc., and techniques for acquiring funds from "unknown", but possible sources including corporations, foundations, and federal grants.
In the summary section the writer will make recommendations for the utilization of the ten-year program budget and show how the projected program can be adapted to most small, private, liberal arts colleges with minor alterations and adjustments.
CHAPTER II
CREATION OF THE MODEL COLLEGE

The data for this section of the dissertation comes from two primary sources. First, data from the returned survey instrument and second, information from the annual directory of CASC colleges published by the Council for the Advancement of Small Colleges. This data will provide the necessary facts and figures for the structure of the model college, which the writer will utilize throughout the remaining chapters as the projected program budget for the ten-year period is developed. The name arbitrarily assigned to the hypothetical college shall be Anderson College.

A. Physical Setting

Anderson College is a small, private, liberal arts college located on a 95-acre campus in Webster, Ohio. Although there is no legal or financial relationship with the Northern Baptist Convention, the college was founded and is operated by members of this church, which obtained a charter in 1889.

(1) Faculty and Student Body

The college is co-educational and has a present enrollment of 759 students, of which 330 are women; There are 412 resident

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students and 347 commuting students. Fifty-three instructors compose the faculty giving Anderson College an approximate faculty-student ratio of 15 to 1. All faculty members at Anderson have Master's Degrees with 13 holding the Ph.D. Degree. Seven faculty members are candidates for the doctorate, while five others are taking course work beyond the Master's level. Faculty salaries range from $7,200 to $13,250, per academic year.

The college year is broken into three quarters and offers a limited summer school program. It is approved by the state for both elementary and secondary teaching programs. Candidate status with the regional accrediting association has been achieved. The administration of Anderson College is currently within a three-year program of development to gain full membership in the regional association.

Tuition at Anderson College for a full-time student, carrying twelve or more quarter hours, is $1,150 per year. Room and board for the resident student is $960 per year. Books and academic incidentals total approximately $150. Scholarships, loans, and work grants are available to qualified students.

Anderson College grants the Bachelor of Arts and the Bachelor of Science Degrees, with majors in English, Art, Music, Social Studies, Science, and Education.

The physical plant of the college consists of: a library holding 41,000 volumes, six dormitories, student center, cafeteria, health and physical education center, four classroom buildings, and an administration building. The athletic complex includes a track,
football field, baseball field, and swimming pool. The "Cougars" compete in seven inter-collegiate sports: football, basketball, baseball, track, golf, tennis, and swimming.

Since the campus is on the edge of town, there is no danger of encroachment of real estate development. The 96 acre campus seems ample for future expansion of the physical plant.

Anderson College is located in Webster, Ohio, an industrial town of 12,000 population. There are nine industries within the city limits, each employing 150 or more workers. There are six smaller industries employing less than 150 workers. Within 25 miles of Webster are two cities of over 50,000 population, three towns of 10,000 population, and several incorporated villages of 3,000 or less persons.

The nearest college is located 47 miles to the north. This is a two-year public community college and has been in operation since 1950. Its educational program consists of technical, occupational curricula and a liberal arts college transfer program. Anderson College annually receives fifteen to twenty of the community college graduates.

The faculty, administration, and board of trustees of Anderson College have taken steps to inaugurate a ten-year expansion program for the college with the following goals: (1) to achieve full membership in the regional accreditation association, (2) to increase the enrollment to approximately 2,000 students within the next ten years, (3) double the physical plant in size, (4) double the number
of faculty members, and (5) to establish an evening adult-
continuing education division.

(2) Past History

Before a program budget for the next decade could be drawn up the administration of the college had to do three things. First, they researched their own facts and figures of the past ten years to gain a view of the college's progress. These figures are itemized in Chart I. The research yielded the following important information. The data on the students and faculty showed that, in 1958 Anderson College enrolled 445 students as compared with 759 today. The faculty increased from 28 to 53 with student tuition almost doubling during the same period from $660.00 to $1,150.00 per year for a full-time resident student. It is interesting to note that Anderson College paid its faculty a total of $143,334 ten years ago. This figure has been more than doubled over the same period to $343,511. As Chart I indicates, faculty fringe benefits show the most substantial increase for the same period of time.

Once the administrators surveyed the college's past decade of figures, they sat down to determine, as best they could, the future of higher education in the United States on a national basis. The second basic step taken toward arriving at the projected program budget was to make these important assumptions.
### Data on Students and Faculty

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<th>1967-68</th>
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<tr>
<td>Number of students</td>
<td>445</td>
<td>759</td>
</tr>
<tr>
<td>Number of faculty</td>
<td>28</td>
<td>53</td>
</tr>
<tr>
<td>Average student tuition</td>
<td>$660</td>
<td>$1,150</td>
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<tr>
<td>Total faculty salaries</td>
<td>$143,334</td>
<td>$343,511</td>
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<td>Total fringe benefits</td>
<td>$11,090</td>
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### Data on Endowment and Gifts

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<td>Amount of gifts;</td>
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<td>For endowment</td>
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<td>For plant</td>
<td>68,589</td>
<td>191,135</td>
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<td>For other uses</td>
<td>117,416</td>
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### Data on Educational Plant and Equipment

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### Data on Budget Income

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<tr>
<td>Education and general:</td>
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<td>Student fees</td>
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<td>Gifts</td>
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<td>Organized activities</td>
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<td>Other items</td>
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<td>13,416</td>
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### Auxiliary enterprises

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<th>Item</th>
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<tr>
<td>Residences</td>
<td>$82,875</td>
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<tr>
<td>Dining hall</td>
<td>163,175</td>
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<td>40,800</td>
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<td>Other</td>
<td>13,000</td>
<td>12,173</td>
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<td>Item</td>
<td>1958-59</td>
<td>1967-68</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>Student Aid</td>
<td></td>
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<tr>
<td>Gifts and endowment</td>
<td>$44,669</td>
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<td>Other allocations to student aid</td>
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<td>Scholarships</td>
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B. Necessary Assumptions

The following assumptions for the next ten years for the United States as a whole were made by the administrators of Anderson College. These will help to form the foundation for the ten-year projected program undertaken by the college.

(1) The United States as a Whole

The college officials felt the economy of the United States would continue to have a strong upward movement during the next decade. The Gross National Product is now (1968) approximately $670 billion and continually increasing at a rate of $40 billion per year.\(^2^2\) Prices can be expected to increase on the average of one-and-a-half per cent per year during this period of time. The median family income will also increase and at a higher rate. In 1958, the median family income per year in the United States was less than $5,600. For 1965, it was nearly $7,000, and by 1980 it will climb to nearly $10,000.\(^2^3\)

(2) Anderson College

Looking at the enrollment, the officials of Anderson College found that enrollment in colleges and universities by 1975 will be approximately twice the number enrolled in higher education in 1965, which was 5,435,000.\(^2^4\) This increase is partly due to the population

\(^{2^2}\) Paul G. Craig, Chairman, Department of Economics at The Ohio State University, January 3, 1966.

\(^{2^3}\) Ibid.

increase. For example, about 2.5 to 2.7 million 18-year-olds join our adult society each year at the present time. Between 1970-75, more than four million 18-year-olds will become members of our adult society each year.

Another factor promoting increases in college enrollment is the constant awareness that additional formal educational experience beyond high school is essential for vocational and social advancement. The extension of the G.I. Bill, which began January 31, 1955, covering the Korean and Viet Nam periods, will allow even more adults to enroll in higher education than ever before.

There will be a substantially larger number of students than at present applying for admission to private four-year and two-year liberal arts colleges.

The officials at Anderson College found that parents will be able to pay an increasing tuition charge. It is predicted that the national unemployment rate will be stabilized at four per cent or less between now and 1978.25

Anderson officials realized, from their own research figures, that faculty salaries would probably double again over the next ten years. Some of this increase would occur because, as a profession, college faculty salaries had lagged behind other professional groups such as medicine, dentistry, law, and engineering.

25 Manning M. Pattillo, Jr. and Donald M. Mackenzie, Eight Hundred Colleges Face the Future, St. Louis, The Danforth Foundation, p. 68.
Also, the fact that faculty members were being encouraged to complete requirements for advanced degrees would eventually increase salaries. Finally, the law of supply and demand would be a large factor, because the market for employing professors was a competitive one. Higher salaries would have to be paid in order to recruit and retain competent professors with advanced degrees.

Another important realization precipitating from the college officials' study of the United States as a whole, in relation to higher education financing, was that for the most part, private colleges will have to depend on private gifts for scholarship purposes. Barring some unusual development in our social philosophy, federal and state scholarships and loans will not be available at a significant support level for private colleges.

Long-term loans and matching grants will be available from federal and state governments as well as from commercial sources to construct dormitories, dining halls, college student unions, and other revenue-producing facilities. Although there will be increasing support from federal and state governments to construct classroom, library, and laboratory facilities, much of this construction will have to come from other sources. The Higher Education Facilities Act and the Higher Education Act are two examples of recent federal legislation which will be extended during the next ten years.
With these ten-year projected assumptions for the nation in mind, the administrators of Anderson College turned their attention to their own institution and made the following assumptions for the future of the college:

The objectives and philosophy of Anderson College will remain about the same with a strong orientation toward Christian principles and a tendency toward an increasing emphasis on a higher quality educational program. New members of the faculty will have degrees from a wider cross-section of the nation's colleges and universities. The increase in student enrollment will bring about a more heterogeneous student body, both in religious and socio-economic backgrounds. A college that intends to develop a sound, challenging educational program needs diversity in faculty training and student attitudes.

Admission requirements will remain about the same except there will be an effort to move toward the requirement of graduation from the upper one-half of the high school graduating class.

The college will continue the role of an independent, liberal arts college. It will become more community-centered in the sense of serving an increased proportion of young people and adults from the Webster area. Since the Community College to the north of Webster will probably continue to offer an extensive curriculum in the technical and vocational area, there is little need for Anderson College to duplicate this effort.

The college officials will continue to move the institution toward full regional accreditation. The process outlined for the
achievement of this goal will help the administrators to develop a quality educational program in keeping with the long-range goals already adopted.

It is assumed that the college will continue to serve those students who will accept and promote the objectives of Anderson College. Students will be more diverse in their attitudes and backgrounds than ever before. A greater emphasis on religious programs will be planned to help offset this diversity.

The curriculum will remain essentially the same with the exception of expanded offerings within the departments. There will be an addition of an adult education division offering evening non-credit classes. There will be no additional degrees offered or majors added during the next decade.

Teaching methods will remain essentially the same. More emphasis will, however, be placed on independent study, field experiences, and programmed learning. The college will continue to move away from the lecture method of instruction where it is possible. Class size will probably increase slightly, as will instructional cost, depending on the extent of experimentation in the teaching-learning situation. This instructional cost may increase as much as ten to fifteen per cent.

The college calendar will not change. The quarter system has proved itself for Anderson College, both in the areas of transfer and work schedules. Since the trend in the nation is toward the quarter plan, Anderson officials are content to maintain their present academic calendar.
Organization, or structure, will change somewhat as the college becomes larger and more complex. The organizational chart showing administrative and staff relationships will be revised as necessary. A study will be undertaken to develop a more effective organization suitable for implementing the projected education program to assure attainment of the accepted goals.

Student personnel services will undergo drastic changes. Every service now in operation will be expanded both in personnel and offering. The counseling, testing, and placement services will be studied and re-evaluated in light of the proposed increases in enrollment over the next decade.

The college will continue to be residential in character, but an increasing proportion of students will be commuters. Between 1889 and 1960 the population in Evergreen County increased 151 per cent compared with a 96 per cent increase for the nation. Even though much of this growth was due to annexation, the potential for an increase in college enrollment is a fact. The population in Evergreen County is expected to increase 30 per cent by 1978.

Every effort should be made to encourage the enrollment of commuting students for the next several years in order to avoid the building cost of new residence halls.

The college officials expect the enrollment to change slightly from a predominantly male student body in favor of 60 per cent female. This will probably come about due to the Viet Nam War situation and emphasis on elementary education programs.
The number of faculty will be increased as enrollment increases. The faculty-student ratio is also expected to rise to the ratio of nearly 20 to 1.

Faculty salaries are expected to double within the next ten-year period. Anderson College will still maintain the Master's Degree as the necessary degree to teach. The college will try to carry on programs whereby at least three faculty members each year can go back to college to complete requirements for their doctorates.

Fringe benefits for the faculty will include such items as retirement (TIAA and CREFT), group health insurance, major medical, and social security. The cost per faculty unit will remain about the same, but the total faculty cost will increase as the size of the faculty group increases.

The educational and general budget will be balanced each year beginning with the present ratio supplied by gifts and tuition fees, and progressing through the next ten years to a 60-40 per cent ratio with 60 per cent being supplied by student charges. The education-in-general budget will include the following items: general administration (including student personnel administration), general expenses, instructional and departmental research, organized activities related to educational departments, organized research, extension and public service, library, operation and maintenance of academic buildings and grounds, and contingency reserves.
The item for contingencies in the educational and general budget will amount approximately to five per cent for such expenditures.

The projection of general administration expense will include allowances for adequate personnel in the various areas and this will be planned as the college progresses.

The educational and general budget will be financed from the following sources of income: (a) tuition and fees, (b) endowment income (unrestricted), (c) income from organized activities, (d) miscellaneous income, (e) income from administration of auxiliary enterprises, and (f) gifts and grants.

Insofar as possible tuition will be computed by determining the percentage of the total educational and general budget which is to come from tuition and fees divided by the number of expected students for that particular year.

The auxiliary enterprises budget will cover income and expenditures of residence halls, dining halls, cafeteria, student center, bookstore, and collegiate athletics. This account will be balanced each year by transferring any profits from auxiliary enterprises to the educational and general fund.

Auxiliary enterprise services will be expanded proportionately to the increase in the student body. Student living quarters will be operated as a single unit and an average charge will be made for all, which may be slightly above the present rate. Charges will be estimated on the basis of 90 per cent occupancy.
Student living quarters will be expanded only as enrollment increases. When dormitories are financed by borrowing (either from endowment funds, government sources, or commercial market), they will be amortized over 30 years or less with interest on the unpaid balance.

The student aid budget will include amounts allowed by the college for tuition, room and board; amounts paid for student employment; institutional participation and work-study program; and participation in the National Defense Student Loan programs; and any other amounts by which revolving loan funds are increased.

The student aid budget will be financed by current gifts, endowment incomes specifically restricted to scholarships and workshops, state or federal scholarship funds, if any. In addition, present programs in extended payment plan or plans financed by bank credit will be included in the student aid program, if needed.

The capital funds account will consist of expenditures for land purchase and development, buildings and other major equipment. Minor equipment will be included in the educational and general budget.

The capital funds budget will be financed entirely from endowment income earmarked for capital funds projects, current gifts for plant facilities, special campaign gifts, and long-term loans for the plant with particular consideration given to federal loan programs.
Efforts will be increased to expand the development office's fund raising effort. A long-range fund raising program will be instituted to acquire funds from alumni and friends, corporations and foundations, and federal sources. This program will be in three stages and be of a ten-year duration.

C. Projected Ten-Year Program

The question of the survival of small, private, liberal arts colleges has been raised many times in the last few years, but not with much attention until Columbia University's dean proclaimed publicly in 1965 that the liberal arts colleges were perishing. With that announcement, a host of academicians supported the prediction. Paul Davis wrote:

They pointed to the increased bureaucratization. Increased preoccupation with self-interest, increased doctrinaire rigidity, and increased sterility of innovation. They pointed to the rapid rise of the competition. They pointed to ascending high schools and junior colleges, and to descending graduate schools. The liberal arts colleges' sun, they said, is setting.

Some of the prophets of doom even pointed to unethical trustees, inept administrators, tautological teachers, stymied students, and engulfing ennui as reason for the certainty of decline.

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27 Ibid.

28 Ibid.
But in place of the mass deaths as proclaimed above, there has been an increase in the birth rate of liberal arts colleges.

Davis, after much research on the subject, stated that at least half of the 800 private liberal arts colleges are either insignificant or well on the way to that status. He says this insignificance is not because of an actual decline, but is because of the colleges' being unable to keep abreast of the progressive changes of the modern space-age.29

Anderson College administrators were determined that their college would not become insignificant, but rather become even more significant in its outreach. They saw the main avenue of retreat being one of failing to adjust to the changing conditions. The main problem faced was how to preserve the relevance of the past and to acquire the essentials for the future. The college officials realized that if their college became all they planned and hoped for, they would have to, as Will Rogers said, "... go out on a limb where the juiciest fruit is."30 Adopting a ten-year master plan coupled with a projected programmed budget meant, for Anderson College, "going out on the limb." These men were determined to lay the best foundation possible for implementing their goals. Along with the assumptions for the nation and the college, the past ten-year facts and figures, they added several commonly agreed upon criteria for further planning. Each of these

29 ibid., pp. 3-4.
30 ibid., p. 4.
criteria needed to be met if the small liberal arts college was to survive, according to Davis.31

The administrators of Anderson College felt that if the college was to remain significant and offer a top quality educational program they must have fortitude. They realized that it takes fortitude to face the facts as they really are, to face the failures, learn from them and plan for the future. In essence, Anderson College would have to boldly be itself.

A healthy atmosphere or, as some call it, an "academic climate" should be fostered as future plans are being made. A climate where there is a constant interaction among administrators, faculty, and students. The college officials felt that a climate of action and conviction could be structured with study and work.

Another area of importance contemplated by the administrators was a trenchant board of trustees. This was a must if the college was to progress and reach its potential. Davis stated, "...every exceptional college I have ever examined has had or does have exceptional trustees."32 One of the most important assists, aside from fund raising, a trenchant board of trustees can render to a college is to bring to the college a stimulating synoptic understanding of society's needs as well as a vivid picture of the decade ahead.

31 Ibid., p. 4
32 Ibid., p. 6.
The educators then turned their attention to themselves by stating the need for an adequate and consistent administration. They felt that most past failures had resulted from a fuzzy focus on, or a diffused concept of, the college's objectives. Projecting further, they mentioned the need for consistency in decision-making. They pointed to the necessity of involving in the decision-making the persons who would be directly affected by the decision.

The next area of the academic community to be examined was the effort of fund raising. The administrators felt that if the foregoing items were in reasonably good order, fund raising would show an increase in gift totals. A more complete program of fund raising would be undertaken by the development office, president, and board of trustees.

The educators once again looked more closely at themselves and realized the importance of superior teaching as a criterion for significance. Anderson College had never maintained a "publish or perish" idea and planned to continue to place the emphasis on the teaching-learning process. The Anderson College educators summed up their feeling on the matter of teaching by stating, "Great teaching is the route to exceptional significance for any liberal arts college: concomitant with the great teaching is great learning." 33

33 Ibid., p. 18
In the area of student recruiting the officials decided to maintain the same entrance requirements over the next ten years, which looked to high school graduates within the top one-half of the class. They further were determined to give attention to the marginal students in certain curriculum areas.

Lastly, the group was definitely determined to maintain a moral character of the highest degree. They voiced the need for America to receive from its colleges moral education for its youth. They all agreed that the solution of national problems and world problems depends primarily upon moral strengths, while other strengths are secondary in importance.

The officials of Anderson College, after a long study of goals, research of the college's facts and figures for the past ten years, the projected decade assumptions of the United States, and the projection of the college officials for their institution for the future ten years, felt they were in a position to outline a ten-year master plan for the college. These plans would also include a plan of finance for the ten-year period.

The projected ten-year program at Anderson College, using a program budget, can be seen in the following charts.
### Chart 2

#### Ten-Year Data on Students

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<tr>
<td>Total Number of Students Enrolled</td>
<td>759</td>
<td>1015</td>
<td>1265</td>
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<tr>
<td>Total Number of Students Enrolled: Adult Education</td>
<td>50</td>
<td>175</td>
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### Chart 3

#### Ten-Year Data on Faculty

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<tr>
<td>Total Number of Faculty</td>
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<td>65</td>
<td>75</td>
<td>85</td>
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<td>105</td>
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<td>Student-Faculty Ratio</td>
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<td>16-1</td>
<td>17-1</td>
<td>17.5-1</td>
<td>18.5-1</td>
<td>18-1</td>
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<td>Adult Education Faculty</td>
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### Chart 4

**Ten-Year Building Program**

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<td>1</td>
<td></td>
<td></td>
<td>1</td>
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<tr>
<td>Men</td>
<td></td>
<td>1</td>
<td></td>
<td></td>
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<td>Student Center</td>
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<td>Cafeteria</td>
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<tr>
<td>Classroom Buildings</td>
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### Chart 5

**Ten-Year Library Expansion Program**

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<tbody>
<tr>
<td>Total Volumes</td>
<td>41,000</td>
<td>46,000</td>
<td>48,000</td>
<td>58,000</td>
<td>60,400</td>
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Charts two through five reflect the major financial items for the projected ten-year program. Such items as curriculum materials, maintenance, capital improvements, will appear as in the programmed budget.

The administrators and faculty of Anderson College now have an adequate picture of the proposed program for the next ten years based on the projected college goals, future assumptions, and basic criteria for future planning. They have adopted a philosophy for expansion which will be reflected throughout the remainder of this dissertation.
CHAPTER III

PLANNING THE PROGRAM BUDGET

The ten-year projected program for Anderson College as set forth in the previous chapter gave the college officials a preliminary and tentative plan for operating the college during the decade 1968-1978. Although the possibilities of miscalculation were obvious, Anderson College's officials felt that they had, for the first time, a coordinated set of assumptions and sound projections. From them the educators drew the following crucial conclusions about the future of Anderson College:34

1. Anderson College would be able to balance its educational budget each year in the decade ahead.

2. Balancing the budget would mean that tuition would go up, but within the realm of possibility.

3. Budget balancing meant that the size of the college would double, but not become so large as to change the character of the college.

4. Budget balancing allowed for a significant increase in faculty salaries between 1968 and 1978.

5. Within this framework, Anderson College could look forward to a top faculty salary of $20,000 to $22,000 within the ten-year period, as compared to $13,250 at present.

6. The financial objectives of the college could be achieved while maintaining a first-class educational program.

7. The student-faculty ratio would not go higher than 18.5-1 over the ten-year period, as compared to a 15-1 ratio at present.

8. That a program budget could be adopted giving guidelines for the master plan of finance for Anderson College.

In light of these conclusions the administrators set themselves to the task of planning a projected program budget that would help them achieve their educational goals.

A. Definition of a Program Budget

Budgets, very simply, are instruments of estimated income and expenditures. They are drafted for a fixed period of time or for a specific project. They express in terms of dollars and cents the educational program of the institution. A budget, duly prescribed, constitutes authority to incur expenditures.
and to collect anticipated income. One of the most important purposes of a budget is to insure that an institution does not obligate itself in excess of available income. An approved working budget is the primary financial instrument of fiscal control in an educational institution. For this reason, the writer feels, every institution of higher education should prepare and adopt a long-range program budget covering all its receipts, expenditures, and facets of its educational program and should establish suitable methods for control of expenditures.

Planning a program budget is a vast financial undertaking. It must be characterized by careful and well-coordinated planning of policies, program, and finance. Hungate points out that the major policies of the institution are found in its charter, by-laws, statutes, and in resolutions of the board of control; the educational program is published in the annual catalog; but the financial plan for the realization of the program is contained in this all important instrument called -- the budget.

The Anderson College officials realized that fiscal planning was the life-line of their institution and therefore

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Ibid.
readily saw the significance of the long-range budget. With such a projected perspective, they could arrive at some new policies as to size of the student body, faculty, building program, and gift program, educational objectives, and details of the curriculum with some knowledge of what each individual decision would mean to the college program as a whole. In short, then, a budget is a forecast in detail of the results of an officially recognized program of operation based on the highest reasonable expectation of operating efficiency.\textsuperscript{37}

There are, then, three distinct aspects of a budget:

First, the budget must be a clearly defined plan, thought out in advance, all parts adequately related to each other, and subject to modification to care for unforeseen conditions. Second, the budget must cover both income and expenditures and relate them effectively. Third, the budget must refer to a specific period of time. This time period, regardless of length, must be fixed, with opening and closing dates.\textsuperscript{38}

All of the above particulars have seen some changes in the last few years. Since John D. Russell's ideas on budgets in 1954, there has been a conversion from the old-style object or line-item budget to a new system called program budgeting. Tough and Sharp,


in their article on program budgets, stated that, "One of the most pressing needs of college management today is for organized information in times of major decisions."\(^3^9\)

Most college officials find a shortage of valuable information, especially when decisions on major resource allocations must be made. This was one of the main reasons the administrators of Anderson College decided to move to a program budget for their ten-year projected program and drop the line-type budgetary procedure. Since the capital and operating budget had always been prepared and even considered separately in the past, the college found itself time and again facing the problem of a shortage of expenditures budgeted for staff or no regard for space to house the new persons. The college found that the old type budget gave little opportunity to consider alternatives in deploying the institution's total resources. This is an important point because many times a college could increase greatly the educational benefits of its capital and operating expenditures if they could have studied alternative methods before the final allocations were established.\(^4^0\) This form of budgeting differs considerably with the object budget by arranging the budget according to institutional purposes or problems. There is no


\(^{4^0}\) Ibid.
time limit to this form of budgeting. The persons who are called upon to draw up a program budget can do so quickly once the principal objectives of the institution are established.

This method of budgeting was introduced by Secretary of Defense Robert S. McNamara, according to Charles J. Hitch, President of the University of California, for one purpose: to improve the high level of the department.

Since the initiation of the program budget in 1961, nearly three-fourths of American state colleges and universities now employ some form of a program budget, while only a fourth still use the strict object or line budget. There is little evidence that small private liberal arts colleges have turned to the program budget and still less evidence of a projected budget, programmed or otherwise, for a decade in the future.

The use of program budgeting does not imply the destruction of existing accounting, fiscal and budgetary processes, but rather some measures that will complement those activities with useful concepts involving some planning and analysis, longer time frames, and greater concern for the economic implications of a budget.

There are three major phases of program budgeting according to Williams: planning, programming, and budgeting.

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Planning is used here by Williams to mean that process whereby the college establishes its long-range or projected purposes and objectives. Programming is the process through which the college can specify its more immediate shorter-range goals for each of its operating units. These goals will reflect the results of planning. Budgeting, then, is simply the formulation of an annual plan, making explicit the composition and extent of all the program elements dealt with in the programming phase. Figure 1 will show Williams' idea in graphic form. Each of the above three phases of the program budget will be examined in light of Anderson College's educational program.

B. The Functions of the Program Budget

Since the administrators of Anderson College have projected educational goals and objectives for a decade in advance, much of their planning has already been done. Thus, the first step in development of a long-range program budget is nearly complete for the college. A committee of persons representing the administration, faculty, student body, and governing board sat down and discussed the projections and goals already established.

43 Ibid.
44 Ibid., p. 33.
DIAGRAM I

Long-range purposes and objectives (goals, resources, strategies)

Intermediate-range major programs derived from long-range purposes and objectives

Annual program budgets derived from intermediate-range objectives of major programs
to see if any alterations need to be made before the fiscal plans are adopted. In the way of examination, and for discussion, the chairman of the committee, the president, raised the following questions:

1. Why does this college exist and for what purposes does it exist?
2. Are those purposes meaningful? Are they being carried out now? To what extent?
3. Where does the college currently stand in relation to its long-range objectives and purposes?
4. What is my role, as an administrator, faculty member, or student in assisting Anderson College in achieving its projected purposes?

Discussion on such questions as this opened doors to more questions from the group. The chairman indicated that alternative goals, objectives, and procedures are fine to examine and discuss, but he warned those present of the danger of verbalizing the process so abstractly that it becomes meaningless for those who must implement it. He further pointed out that the discussion must be serious and its fruits must be real to each of the participants. If this does not happen, there is a danger that the dialogue will center on program changes and the purpose of the committee will not be achieved.
The key word for the establishment of any budget, and especially for a program budget for a college is--administration. The President of Anderson College made this point very clear to his fellow committee members. He told them that administration is the art of getting things done, the science of planning, organizing, motivating, and controlling human and material resources and their interaction in order to attain a pre-determined long-range objective. Administration focuses its attention on a process of decision-making which is considered to be one of its main tasks, while management focuses its attention on the implementation of policy and provision of support to programs. Millett makes a further distinction between administration and management by saying that, "In a private business enterprise the corresponding group would be collectively termed 'management'. The label 'administration' is more appropriate for a college or university because the task of administration is to facilitate, not to manage, the preservation, transmission, and advancement of knowledge." Desmond L. Cook, of The Ohio State University, defined the elements of management suggested to the committee by the President of Anderson College:  

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Before any project was initiated, the major and subordinate objects must be identified in order to accomplish the over-all objectives. In addition, the project objectives must be presented to staff members. A general procedure for determining objectives is to proceed by a "top-down" approach, asking what end items, operational systems, or services the project is to produce, and then each of these will be subdivided further by ascertaining what facilities or services will be needed to complete projected objectives.47

The accomplishment of any further program goals can be reached by several plans as long as there is broad latitude for flexibility in planning or organizing. "Planning includes not only a careful definition of program end objectives, but also the effort involved in determining specific work or tasks and establishing the sequence and dependency existing among the tasks, along with performance standards. The goal is to achieve an optimum balance between schedule, costs, and performance requirements."48

The president then told his committee that once the project for planning the budget is underway, this committee will have to meet periodically to make sure they were all working toward the same goals and that each area fits into the over-all programmed projection for the college.

48Ibid.
"Even though we are replacing the rule-of-thumb procedure of the past with a genuine scientific program budget," the President noted, our own analysis of the needs of our college suggest that several major restraints still restrict the use of modern budgeting procedures in academic institutions.

The three boundaries of budgeting for colleges such as Anderson are spelled out very clearly by Rourke and Brooks:

1. Problems of quantification and objective analysis, which are central to modern budgetary theory, are far from being solved in higher education. The main work of academic institutions—the education of students and the advancement of knowledge—can at present be subject only to the grossest kinds of measurement. The number of hours a student or a professor spends in class measures very little about academic performance, but yardsticks such as the credit-hour and the full-time equivalent workload have been widely employed as indirect measures of otherwise immeasurable activities.

2. In addition to the problems of measurement in higher education, long standing traditions in academic life restrict the application of rigorous budgetary procedures. Except in unusual circumstances, it has long been customary in academic circles to give each department at least as much as it received in the previous budget. A second tradition which offers resistance to rationalized budgeting is the idea of equity in resource allocation. Since budgeting penetrates every area of institutional life, any proposal which threatens the base of departments or violates the concept of fair shares is likely to encounter opposition from individual departments.
3. The conditions of the modern academic marketplace also make it difficult to adhere to rationalized techniques in administering the budget. With colleges in fierce competition for faculty members and students, consideration of academic survival must sometimes over-ride all object budgetary yardsticks. Administrators must still be able to make "ad hoc" budgetary arrangements when this is necessary in order to recruit or retain faculty. 49

After several meetings with this planning committee, the administrators of Anderson College proceeded to the second step in their construction of a long-range program budget—that of programming.

Williams clearly defines the purpose of the programming process for Anderson College by stating, "Long-range plans may not be articulated in great detail in the planning process. The purpose of programming is to articulate them as explicitly as possible." 50

Since most long-range budgets extend from eight to ten years it seems wise to program on a five-year basis. In this way the college does not confine itself or reach beyond its means over a prolonged period of time. Program budgets should always have built-in flexibility rather than tight rigidity in their application. This does not mean to leave loose ends. The program budget should always reflect its long-range goals and objectives as clearly and as definitely as possible.

49Rourke and Brooks, op. cit., pp. 74-77.

50Ibid., p. 36.
As the process of programming begins to take shape, it is clearly seen that programming is essentially the grouping together of people, equipment, and activities in relation to their principal educational tasks to form programs. These programs are simply combinations of activities that produce distinctive outputs. Programs and their related costs must be projected into the future, because it is necessary to know the future cost implications of decisions just as it is to know the present costs.

It is at this point the president's role in budget procedure shows its importance. He is first of all, to this writer, a director of finance. The president has the task of guiding the administration in the performance of their responsibilities clearly outlined by Millett as "(1) to provide educational leadership and to cultivate an image of the college or university; (2) to augment and to allocate the scarce economic resources of the college or university, and (3) to maintain the college or university as a going, viable enterprise."51 As the leader of the whole educational operation, the president's most essential "key" to the establishment of a successful budget is his ability to formulate plans which will result in a budget that provides a well-balanced distribution of support for all areas of service and activities of the institution. The president will find it

necessary to meet frequently with other administrators, including the business manager, in order to formulate these plans accurately.

C. The Responsibilities of the Administration, Faculty, and Governing Board

The president of Anderson College is a sound financial manager and a proven fund raiser. He has gained the respect of his administrators for his ability to plan and then make his plan work. He has advised the academic dean, dean of students, and chairmen of departments to develop their own strategy for determining their budget requests, but he has reminded them that each request must meet with the strategies of all the departments in the college. They are to concern themselves with the program elements they will offer which contain curricula leading students to various degrees or objectives.

Even though the president of Anderson College involves members of the faculty, administration, governing board, and students in his planning meetings and constantly reminds them of pitfalls planning a projected budget—this does not mean the assurance of a perfect or completely efficient program budget. Considerable discretion still rests on those of ultimate authority who must make decisions at the budget level for the good of the total program.

Williams affords light on the subject of decision-making by stating, "The attempt to rationalize all levels of the
decision-making process is not an end in itself; it is a means to induce the participants to ask meaningful and rational questions concerning the allocation of resources rather than to present themselves as 'ad hoc' users of resources.\textsuperscript{52}

The planning and programming sessions lead to the establishment of a projected program budget, first for a five-year duration and then for a ten-year period. It is only through planning and programming that the resulting budget can reflect true program requirements. Only through this process can the projected ten-year budget accurately reflect the economic consequences of decisions made by all the members of the planning and programming committee or by the president upon whom the final authority rests.

In the programming stage, the budget should be so structured that any decisions regarding educational activity can readily be made in terms of the total program. "When specific decisions regarding resource input are necessary and independent of program-element decisions, an explicit decision must be made to determine the quality of resources to be devoted to these activities."\textsuperscript{53}

For example, a decision regarding the replacement of the college staff car is not a program-element decision. It is, rather, an independent decision about a specific resource input. Some

\textsuperscript{52}Williams, op. cit., p. 38-39.

\textsuperscript{53}Ibid.
specific framework for making such decisions should be included in the programming phase of the projected budget.

The third phase of the program budget process is that of budgeting. When the planning and programming processes have been completed, the necessary information should be available to develop the actual budget. During this period the Anderson College officials took time to review the program, choose between alternatives, and develop operational plans.

The academic dean, for instance, was less concerned with the budget for a single department than with the aggregate budget for all the departments which constitute the major college program as projected. Even though he will review carefully, and annually, each department, he will focus mainly on whether or not the resources applied to a particular portion of the program under his jurisdiction are adequate to produce the desired output in relation to the projected future goals.

The president of the institution is continually watching the academic program closely as he is concerned with both the intermediate objectives as well as the long-range projections. In most institutions the board of trustees are more interested in the 'now' objectives than those projected ten-years hence. It is the same at Anderson College. The next major goal for the college to achieve, in three years, is full membership in the regional accrediting association. The board members are intent on seeing that the administration places great emphasis
on achieving this goal as they proceed toward the projected decade's goals.

The trustees are very familiar with the area of business matters and especially with budgets. The ultimate responsibility for the planning and adoption of a projected program budget such as Anderson College officials are undertaking, rests with the board of trustees. This group must, in its deliberations, be sensitive to the special interests of the benefactors and alumni of the college. Within the college, the president bears final responsibility, though he consults widely and is actively assisted. The chief financial manager, or business manager, generally has the important task of estimating the income and expenditures, and for assisting in the budget formulation. The actual formulation of the programmed budget, however, should involve the whole institution. Everyone on the faculty, staff, and administration has the responsibility for contributing his thoughts to the improvement of the college through budget planning.

Hungate, writing in 1954, seven years before the real entrance of the program budget into higher education, lists several "tests of a good budget," for the board of trustees. Even though these tests were not meant for a budget such as is under consideration in this dissertation, the writer feels they have significance in relation to the board's role in working
with the administrators in formulating the budget. They are:

1. The estimate of income likely to be realized,
2. The expenditures proposed to a satisfactory relation to income,
3. The proposed expenditures are for purposes that will further institutional aims and objectives and are in the best apportionment for those purposes,
4. The procedure followed by the president in formulating the budget recommendations is one that assured wide consultation and participation of all concerned,
5. The judgment of the president with respect to the major issues involved in his budget recommendations is concurred in by the board of trustees,
6. Personnel policies, including wage rates of non-academic personnel, are satisfactory in light of prevalent economic conditions and the institutional financial position,
7. Personnel policies, including salaries, standards for promotion, conditions of work, and standards for retirement allowances of academic and professional personnel, represent the best arrangements deemed possible, due regard being given to general economic conditions, to practices in other institutions, and to the limitations imposed by the institutional financial conditions,
8. Capital needs are reasonably provided for.

Anderson College has a very active board of trustees which numbers 36 men and women. Twelve of the trustees are industrial leaders, nineteen are professional people, and five are retired persons.

\footnote{Hungate, \textit{op. cit.}, p. 67}
The charter requires that twenty be members of the Northern Baptist Convention, eight be alumni and eight be members-at-large. Burns says that the major area of the board's consideration is that of finance. The main trustee committee at Anderson is the finance committee. A member of this committee was on the planning and programming committees and serves with the administration in the preparation of the projected budget. This person was the chairman of the finance committee of the Anderson College Board of Trustees.

As the faculty, administration, students, and trustees work together, there is a considerable interaction concerning planning, programming, and budgeting, since one phase is not completed before the next phase is undertaken.

Many important decisions were made in or before the planning stage, but the integration of those choices into programs took place in the programming stage.

It should be noted that in each of the steps outlined above, there was room for alternate methods to emerge. When department chairmen, librarian, academic dean, business manager, and dean of students did their programming, they almost unavoidably considered the costs of the several alternative means of satisfying their requirements. When this happened at Anderson, the president reminded them that, in a program budgeting system, costs are not developed first as the determinant of departmental activity. Alternative departmental activity pursuant to

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departmental or college objectives should be expressed prior to the determination of their costs. The committee was further reminded that a program budget is really a policy and planning document rather than an accounting data document. "Its goal is to define program elements at as high a level of aggregation as possible while remaining consistent with a desirable level of homogeneity."

If the basic planning is sound and the programming is comprehensive, the resulting budget will truly reflect the projected program requirements. Through this process Anderson College intends that the projected budget will accurately reflect the economic consequences of decisions made at all levels in the institution planning with regard to the use of resources.

The officials of Anderson College can now move to the preparation of the budget taking into consideration the planning, programming, and budgeting stages necessary for the accurate preparation and ultimate adoption of their ten-year projected program budget.

56 Herbert Simon, op. cit., p. 174
57 Williams, op. cit., p. 44.
CHAPTER IV

PREPARATION OF THE PROJECTED BUDGET

A. Procedure for Budget Request

The Anderson College officials, under the leadership of the president, began to set into motion a process for the preparation of the projected budget. Since the program budget for a decade of projection was new to this group, they spent considerable time searching for a procedure that would be adaptable to their own college.

After looking at several budgetary preparation procedures, the administrators realized that budget procedures differed considerably from institution to institution, and description, other than that of a particular institution, could only serve to illustrate the responsibilities delegated and assumed, the nature of the communications, the extent of participation, and the method of record-keeping. The group then adopted several steps to guide them in the formulation of a projected program that seemed to fit the present and projected needs of Anderson College.

The initial steps set up for the budget procedure were: 58

1. To set up the budget structure in terms of the philosophy of support.

58 Hungate, op. cit., pp. 76-82.
2. To establish a budget timetable.

3. To estimate income.

4. To identify or establish the organization for estimating expenditures.

5. To secure departmental estimates of expenditures.

6. To formulate the projected budget for presentation to the board of trustees.

7. To present the budget to the board of trustees for consideration and approval.

8. To establish a procedure for modification and control of the budget.

Once the above steps had been agreed upon by the college officials, all of the prior research, planning, and deliberations began to take shape for Anderson College. The efficient use of the president's planning team was now assured through the use of a logical-sequence network, which schedules the various events, so that each person involved knows exactly when the information he requires to follow the plan will be available to him. He also should know where and how any preceding data came into the plan, and what will happen to the information after it leaves him.59

Diagram 2 shows the procedure Anderson College followed for the preparation of their ten-year projected program budget.

Establishing Long-Range Goals

1. Ten-year academic plan
2. Ten-year capital improvements
3. Ten-year financial plan

Making strategic choices
(providing for alternates)

Translation of strategy into programs

Develop Operational plans

Presentation to the board for approval

Final preparation of projected program budget

Methods of budget revision and control

Execution of program budget

Alternatives considered and budget review

Projected long-range plan with estimated expenditures

Physical Plant

Student Services

Academic Program

BUDGET COMMITTEE

President & Business Manager

Long-range estimated income
The diagram points out the three phases of planning, programming, and budgeting. The planning phase, while just symbolized in the chart as "Input" has been covered in Chapter III. It includes the college's long-range plans as already discussed. It is important to note that Anderson College's long-range plans are not intended to qualify goals sufficiently as to allow cost planning in detail.60

The first step in the budget preparation is begun in June of each year when the enrollment figures are available from the admissions office. These figures will, along with the others, help to establish the philosophy of support phase of the Anderson College budget. This simply means the plan whereby an activity or group of activities is to be supported by designated sources of income. Under this plan, income will be segregated to expenditures, so that the financial plan for the activity and the results of the plan at the close of a period will be apparent.61 This step gives the budget committee an adequate view of what activities are to be separately financed and accounted for.

The next step established by the Anderson College officials was a budget time-table. This phase of the budget was simply a master plan for moving the budget materials along the assembly line, touching all facets of the college, to the point of approval

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60 Ibid., p. 69.
61 Hungate, op. cit., p. 70.
at the desired date. Since Anderson College's fiscal year begins July 1, it is necessary that all professional personnel be notified of their appointments for the coming academic year no later than the first of March. Working backwards the schedule for Anderson College would be similar to the following:

1. Preliminary discussion on the outlook and policy with a selected planning committee headed by the president. This group would constitute a wide representation of the college. The work of this group has already been elaborated on and is designated in the budget preparation diagram, as "input".

2. The projected ten-year income estimation would be delegated to the business manager no later than October 15 for a report to the committee on December 15.

3. The proper forms would be distributed to the heads of organization units for their proposals for the decade's expenditures. These forms are to be returned on November 15 to the department heads together with necessary justifications of the proposed projected expenditures.

4. The department heads should file their budget forms on December 15, along with their recommendations in the academic dean's office. Likewise, the administrative officers should file their projected budgets with the business manager on that date.

5. The entire budget, including all recommendations, are presented to the president. A preliminary over-all study based on all first estimates of income and expenditures is undertaken by the president and business manager. This study, which may result in considerable discussion sessions between the president and members of the academic affairs committee, administrative counsel, and others, should be completed by January 15.
6. Reviews and revisions are thoroughly carried out in the president's advisory group. In this process the president has the advice and counsel of the committee on policy, program, and budget. Time is given for deliberation on any phase of the budget. This portion of the preparation should be finalized February 15.

7. The president should then present his projected program budget to the board of trustees on March 1.\textsuperscript{62}

It was this type of budget timetable agreed upon by the Anderson College officials. They immediately began to execute it and work toward its adoption.

B. Formula for Determining Cost and Income

The job of the college president is first and foremost that of being a financial administrator. Simon lists the president's functions as:\textsuperscript{63} (1) to raise money, (2) to balance the budget, (3) to participate in setting institutional goals (with trustees, faculty, and community), (4) to work with the faculty to create an environment that encourages learning for both faculty and students, and (5) to recruit and maintain a high quality of faculty. All the areas depend on the financial management of the president.

The president of Anderson College shared, with his budget committee, prior to the estimation of income and expenditures,

\textsuperscript{62}ibid., pp. 76-77.

\textsuperscript{63}Simon, \textit{op. cit.}, p. 71.
the following tenets of good business management and encouraged
the officials to apply them when possible to their own areas.64
First, continually evaluate what you have done. The president
pointed out that if a continual evaluation is not carried on in
regard to the performance of the functions one is directly
responsible for, no one else will. If improvement is to come
about, one must first appraise the function's present performance.
The president told his colleagues to evaluate carefully, develop
improvement programs for each area requiring improvement and
they will have taken the first step toward general acceptance
of the business function as a key element in their organization
or phase of the college. "Do not be afraid to say something is
wrong when you find it is wrong," insisted the president. "The
important thing is to be sure you are developing the solutions."

The second point of sound business administration, prior
to the establishment of a budget, is that of planning. If an
administrator is to make a real professional contribution to his
educational enterprise, he needs to plan thoroughly and give able
leadership to this effort by the quality of planning he produces.

The third principle of sound business administration alluded
to by the president was that of keeping up with the times or--
modernize. This is where the discipline of business methods was

64Tough and Sharp, op.cit., p. 52.
was discussed by the educators. They agreed that modern methods were essential in today's business world and should be introduced into the college's practices.

A fourth principle, that of establishing priorities, was also suggested by the president. A list of priorities should be established along with their contributions to the total college operation. This list will help each official to be more realistic concerning his budget requests as he sees them in relation to those of other departments.

The president then turned to the discussion concerning the no-loss formula Anderson College officials were to use where income and expenditures were equated. Diagram 3 shows the formula that served as a basis for the estimates of income and expenditures Anderson College would use when applicable.65

C. Estimating the Projected Income

After the adoption of the timetable, the business manager of the college prepared estimates of the income for the ten-year projected budget. Even though this is the major responsibility of the business manager, his figures are always subject to careful review by the president and his committee on policy, program, and budget. It is very important that all income estimates be realistic. The educational program can be severely

66Hungate, op. cit., pp. 77-78.
DIAGRAM 3

ESTIMATION FORMULA

1. $Ftc = Sh$

2. $S/F = r = \frac{t \cdot c}{h}$

3. $I + is = F \cdot W \cdot (1 + \phi)$

4. $W = \frac{I + is}{F \cdot (1 + \phi)}$

5. $W = \frac{lr + i \cdot r}{S \cdot (1 + \phi) \cdot (1 + \phi)}$

6. $W = r \frac{(1 + i)}{(1 + \phi) \cdot S}$

$S =$ number of students 
$F =$ number of faculty 
$r =$ S/F ratio 
$\phi =$ overhead percentage 
$E =$ total expenditures 
$W =$ average salary 
$h =$ average student course load 
$c =$ average class size 
$t =$ teaching load 
$i =$ direct (tuition) income per student 
$l =$ other income
damaged if there is consistent departure by either overestimating or underestimating potential resources. The estimate of income must show a complete picture of all sources of possible revenue as it is the foundation on which all the institution's financial policies are based. The educational program—its limits and its extensions—will be determined by the results of these estimates. This is especially true in light of the preparation of the projected ten-year budget. An over-optimistic or over-cautious estimate can result in an undesirable program development. 66

For each unit of finance, the income should be estimated according to its source for ten years previous, the present year, and each ensuing year of the projected budget. These estimates, for the purpose of the general budget, are made on the basis of experience, past and present, as well as the program for the decade ahead. It is very important that the business manager inform his co-committee men that the final outcome will be based on the daily operations in which a strict form of managerial control will limit expenditures to available income. More will be said in relation to methods of budget control in Chapter V of this dissertation.

The sources of income for a small liberal arts college such as Anderson College, are: student tuition and fees, endowment

66 Hungate, op. cit., pp. 77-78.
Income, gifts and grants, organized activities, administration of auxiliary enterprises, and several miscellaneous sources.

Since the estimate of income from student tuition and fees is based on the estimated enrollment, the business manager must work closely with the director of admissions, so as not to misjudge this important segment of the budget. The director of admissions or the registrar should be able to project rather accurately the student market for the future. With his help the business manager can be better advised as to future budgetary projections. If there seems to be a question of an increase or decrease over or under the current year, both the business manager and the director of admissions should study the possibility at length before making any income estimates.

When estimating the income from endowment, the business manager should make the estimate in terms of securities held, and in terms of any known change in the distribution of stock dividends about to be made.67

One of the most difficult areas of income to be estimated is that of gifts and grants. It is very important for the business manager to confer with the president on this area. Above all, the estimate when made, must be based on past experience and must be realistic. It is extremely difficult for any private

67 Ibid., p. 78.
college to estimate potential monies from gifts, but in the case of Anderson College, this segment of the income will be based on a fund-raising ten-year plan, thus giving more foundation to the estimated facet of the long-range plan than would commonly be true in the regular annual budget.

Income from organized athletics can be fairly accurate. The estimates can be based on past history, taking into account the athletic schedules, dates, and potential of home games.

The income from auxiliary enterprises may vary somewhat, but generally are more stable than the preceding, except tuition and fees. Here again, the estimates are based on enrollment figures and past experience. The day-to-day relationship of cost to income is an extremely important facet of the budget income in relation to the operation of the dining hall. This is true because of the fluctuations in patronage, the rapid changes in food prices, and the necessity of closely relating the cost of labor to the volume of food sales. In essence, then, the control factor is a cost system that limits expenditures to available income.

The estimate of income of the general budget is made on the basis of past and present experience along with some modification. The business manager must be aware, however, that in the final analysis it is still the day-to-day operations in which a strict managerial control limits expenditures to available income.

68 Ibid.
In most classical theories of communication, especially in the area of management, the primary emphasis is always on the chain of command and the downward flow of orders and influence; but in estimating income for the purpose of budget, communications must center in the business office and go out in every direction. The old "downward" theory of communication has no place in developing the budget such as is under consideration at Anderson College. The president at Anderson College always keeps before his associates the necessity of clear roads of communication. He points to good communications as the fuel for consistent and harmonious administrative relations.

The projections of estimated income for the ten-year program at Anderson College is outlined in Chart 4. The basis for the estimated income from student tuition are the enrollment projections for the next decade, as illustrated in charts 4 to 9, inclusive.

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CHART 6

ESTIMATED INCOME 1968-1978

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<thead>
<tr>
<th></th>
<th>1968-69</th>
<th>1969-70</th>
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<tbody>
<tr>
<td>Tuition and Fees:</td>
<td>$1,058,520</td>
<td>$1,250,775*</td>
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<td>Endowment Income:</td>
<td>11,114</td>
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<tr>
<td>Gifts and Grants:</td>
<td>137,007</td>
<td>184,000</td>
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<td>Organized Activities:</td>
<td>29,535</td>
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<tr>
<td>Other Sources:</td>
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<td>Administration of</td>
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<td>504,200</td>
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<tr>
<td>Auxiliary Enterprises:</td>
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<td></td>
</tr>
<tr>
<td>TOTAL ESTIMATED INCOME:</td>
<td>$1,741,925</td>
<td>$1,997,495</td>
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*Includes Adult Education Tuition
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<th>Source</th>
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<th>1971-72</th>
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<td>Tuition and Fees</td>
<td>$1,407,625*</td>
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<td>Gifts and Grants</td>
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<td>225,000</td>
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<td>Organized Activities</td>
<td>35,115</td>
<td>39,000</td>
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<tr>
<td>Other Sources</td>
<td>14,980</td>
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<tr>
<td>Administration of Auxillary Enterprises</td>
<td>516,755</td>
<td>520,700</td>
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<tr>
<td><strong>TOTAL ESTIMATED INCOME</strong></td>
<td><strong>$2,212,975</strong></td>
<td><strong>$2,476,270</strong></td>
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</table>

*Includes Adult Education Tuition
## CHART 8

### ESTIMATED INCOME 1968-78

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<th>1972-73</th>
<th>1973-74</th>
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<tbody>
<tr>
<td>Tuition and Fees:</td>
<td>$1,837,500*</td>
<td>$2,135,500*</td>
</tr>
<tr>
<td>Endowment Income</td>
<td>17,300</td>
<td>19,604</td>
</tr>
<tr>
<td>Gifts and Grants:</td>
<td>250,000</td>
<td>290,000</td>
</tr>
<tr>
<td>Organized Activities:</td>
<td>37,525</td>
<td>40,800</td>
</tr>
<tr>
<td>Other Sources:</td>
<td>16,200</td>
<td>18,010</td>
</tr>
<tr>
<td>Administration of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auxiliary Enterprises:</td>
<td>532,100</td>
<td>546,340</td>
</tr>
<tr>
<td><strong>TOTAL ESTIMATED INCOME:</strong></td>
<td><strong>$2,690,625</strong></td>
<td><strong>$3,050,254</strong></td>
</tr>
</tbody>
</table>

*Includes Adult Education Tuition
CHART 9

ESTIMATED INCOME 1968-1978

<table>
<thead>
<tr>
<th>Source</th>
<th>1974-75</th>
<th>1975-76</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and Fees:</td>
<td>$2,387,500*</td>
<td>$2,702,500*</td>
</tr>
<tr>
<td>Endowment Income:</td>
<td>20,870</td>
<td>22,000</td>
</tr>
<tr>
<td>Gifts and Grants:</td>
<td>430,500</td>
<td>450,000</td>
</tr>
<tr>
<td>Organized Activities:</td>
<td>43,770</td>
<td>44,315</td>
</tr>
<tr>
<td>Other Sources:</td>
<td>19,470</td>
<td>20,500</td>
</tr>
<tr>
<td>Administration of Auxiliary Enterprises:</td>
<td>552,710</td>
<td>561,100</td>
</tr>
<tr>
<td>TOTAL ESTIMATED INCOME:</td>
<td>$3,454,820</td>
<td>$3,800,415</td>
</tr>
</tbody>
</table>

*Includes Adult Education Tuition
<table>
<thead>
<tr>
<th>Source of Income</th>
<th>1976-77</th>
<th>1977-78</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tuition and Fees:</strong></td>
<td>$2,920,000*</td>
<td>$3,339,000*</td>
</tr>
<tr>
<td><strong>Endowment Income:</strong></td>
<td>22,525</td>
<td>23,667</td>
</tr>
<tr>
<td><strong>Gifts and Grants:</strong></td>
<td>500,000</td>
<td>591,000</td>
</tr>
<tr>
<td><strong>Organized Activities:</strong></td>
<td>44,875</td>
<td>45,000</td>
</tr>
<tr>
<td><strong>Other Sources:</strong></td>
<td>21,900</td>
<td>22,600</td>
</tr>
<tr>
<td><strong>Administration of Auxiliary Enterprises:</strong></td>
<td>570,850</td>
<td>582,320</td>
</tr>
<tr>
<td><strong>TOTAL ESTIMATED INCOME:</strong></td>
<td>$4,080,150</td>
<td>$4,603,587</td>
</tr>
</tbody>
</table>

*Includes Adult Education Tuition
CHART II

ESTIMATED INCOME 1968-1978

<table>
<thead>
<tr>
<th>Source</th>
<th>1978-79</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and Fees:</td>
<td>$3,330,000*</td>
</tr>
<tr>
<td>Endowment Income:</td>
<td>25,100</td>
</tr>
<tr>
<td>Gifts and Grants:</td>
<td>640,000</td>
</tr>
<tr>
<td>Organized Activities:</td>
<td>46,300</td>
</tr>
<tr>
<td>Other Sources:</td>
<td>23,200</td>
</tr>
<tr>
<td>Administration of Auxiliary Enterprises:</td>
<td>600,780</td>
</tr>
<tr>
<td>TOTAL ESTIMATED INCOME:</td>
<td>$4,665,380</td>
</tr>
</tbody>
</table>

*Includes Adult Education Tuition
# Chart 12

## Projected Tuition and Enrollment

**1968-1978**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Student Tuition:</strong></td>
<td>$1150</td>
<td>$1125</td>
<td>$1225</td>
</tr>
<tr>
<td><strong>Adult Education Tuition:</strong></td>
<td>$15 per hour</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Enrollment:</strong></td>
<td>889</td>
<td>1019</td>
<td>1145</td>
</tr>
<tr>
<td><strong>Adult Education Enrollment:</strong></td>
<td></td>
<td>25</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total Enrollment:</strong></td>
<td>889</td>
<td>1044</td>
<td>1195</td>
</tr>
</tbody>
</table>
### Chart 13

**Projected Tuition and Enrollment**

1968-1978

<table>
<thead>
<tr>
<th></th>
<th>1971-72</th>
<th>1972-73</th>
<th>1973-74</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Student Tuition:</strong></td>
<td>$1300</td>
<td>$1375</td>
<td>$1375</td>
</tr>
<tr>
<td><strong>Adult Education:</strong></td>
<td>$15 per hour</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Enrollment:</strong></td>
<td>1270</td>
<td>1400</td>
<td>1540</td>
</tr>
<tr>
<td><strong>Adult Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Enrollment:</strong></td>
<td>100</td>
<td>175</td>
<td>180</td>
</tr>
<tr>
<td><strong>TOTAL ENROLLMENT:</strong></td>
<td>1370</td>
<td>1575</td>
<td>1720</td>
</tr>
</tbody>
</table>
### Chart 14

**Projected Tuition and Enrollment 1968-1978**

<table>
<thead>
<tr>
<th></th>
<th>1974-75</th>
<th>1975-76</th>
<th>1976-77</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Tuition:</td>
<td>$1375</td>
<td>$1450</td>
<td>$1450</td>
</tr>
<tr>
<td>Adult Education Tuition:</td>
<td>$17 per hour</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enrollment:</td>
<td>1700</td>
<td>1850</td>
<td>2000</td>
</tr>
<tr>
<td>Adult Education</td>
<td>200</td>
<td>205</td>
<td>200</td>
</tr>
<tr>
<td>Enrollment:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Enrollment:</strong></td>
<td>1900</td>
<td>2055</td>
<td>2200</td>
</tr>
<tr>
<td></td>
<td>1977-78</td>
<td>1978-79</td>
<td></td>
</tr>
<tr>
<td>--------------------------</td>
<td>---------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td><strong>Student Tuition:</strong></td>
<td>$1525</td>
<td>$1525</td>
<td></td>
</tr>
<tr>
<td>Adult Education Tuition</td>
<td>$20 per hour</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Enrollment:</strong></td>
<td>2100</td>
<td>2100</td>
<td></td>
</tr>
<tr>
<td>Adult Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enrollment:</td>
<td>225</td>
<td>225</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ENROLLMENT:</strong></td>
<td>2325</td>
<td>2325</td>
<td></td>
</tr>
</tbody>
</table>
D. Estimating the Projected Expenditures

After the college officials have reached an agreement on the estimate of income, they should then determine the general policies that are to guide them in the preparation of their budget requests or expenditures.

Some of the important areas for which policies should be established are: salary adjustments, additions or decreases in faculty and staff, faculty and staff promotions, program changes, expense, equipment and maintenance allotments, contingencies, and special projects of a non-recurring nature.70

As soon as the general budget policies have been approved by the president's budget committee, he should send letters of instruction to each person responsible for the preparation of a budget request. These instructions must be clearly and simply stated and show in detail the plan to be followed by each department in making its request. The president should also include, along with the letter of instruction, the appropriate forms to be used in returning the requests to the budget committee. "In general, the forms are most useful if they follow the pattern of the budget itself as to classifications and content. However, it may be desirable to show more details in the budget requests than are given in the final budget document."71

71 Ibid.
As a general rule, expenditures are divided into three classifications for budgetary purposes; educational and general, auxiliary enterprises, and student aid. It is helpful if the request forms, issued by the president, include the figures of the current year's expenditures as well as for the preceding year. These figures would be from the business manager. It is also good practice to include two vacant columns for each of the projected years. This will allow the person making the request ample room for his figures and projections and still leave room for the recommendations of the president to be inserted next to them.

There should be provisions in the budget for contingencies and emergencies. The size of this amount will depend upon past history, available resources, and future projections and assumptions already made during the planning stage.

The writer feels that it is the president's responsibility to discuss each budget request with the head of the department or one making the request, if not through a department, such as the director of development or the dean of students. Thus, while final authority on budget recommendations to the board of trustees rests on the president of the institution, ample opportunity has been given department heads to defend their requests, and to learn, before board action, what the president's recommendations will be.72

72 Ibid., p. 27
The writer also feels the business manager should be present when the president confers with the department heads on budget requests. With the business manager in attendance at these meetings the possibility of errors is greatly reduced in the final budget figures. Not only can valuable time be saved by the elimination of a separate transmittal of budget detail by the president to the business manager, but even more important is dialogue between the heads of the departments and the business manager. Through such conference avenues of administration and faculty problems are brought into the open for clarification. For instance, the business manager learns about the educational program and problems of the institution, the heads of the departments become acquainted with the financial problems of the institution, and the president realizes the level of harmony and consistency of his institution in these areas in a way that no other opportunity affords.73

Before moving into the area of estimating expenditures, the president of Anderson College instructed his administrative council and the academic affairs committee of the relationship between the ten-year projected program budget and the expenditure phase of the fiscal budget. Since programming involves the planning and control of resource inputs for an intermediate

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73 ibid., p. 28
time period, the college officials had to be careful that the expenditure phase of the budget would achieve the desired and pre-defined educational output. As stated above, the program budget of Anderson College was a major collection of integrated resources, promoting, in very definite directions, the long-range objectives of the institution. In charts 14 through 19, these long-range goals have been programmed and are seen in the expenditure phase.

The purpose of the following charts is to give a breakdown of the estimated expenditures of the model college. Since a breakdown such as this needs to be reviewed yearly in an actual college setting, and necessary adjustments made, the writer has used a constant set of percentages throughout the ten-year projection period. Even though these figures do not seem realistic in certain areas, such as instruction and operation and maintenance, they do reflect the ideal budgetary amounts and serve as a tool for the projected estimates. The approximate budget breakdown, as to percent, is as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Administration</td>
<td>9.0%</td>
</tr>
<tr>
<td>Student Services</td>
<td>8.0</td>
</tr>
<tr>
<td>Public Service and Information</td>
<td>6.0</td>
</tr>
<tr>
<td>General Institutional Expense</td>
<td>5.0</td>
</tr>
<tr>
<td>Instructional</td>
<td>49.5%</td>
</tr>
<tr>
<td>(Negotiation from contingency)</td>
<td>3.0</td>
</tr>
<tr>
<td>Library</td>
<td>9.0%</td>
</tr>
<tr>
<td>Organized Activity Relating to Educational Departments</td>
<td>3.0</td>
</tr>
<tr>
<td>Operation and Maintenance of Physical Plant</td>
<td>13.0</td>
</tr>
<tr>
<td>Educational Plant Rehabilitation and Depreciation</td>
<td>1.5</td>
</tr>
</tbody>
</table>

74Williams, op. cit., p. 43.
<table>
<thead>
<tr>
<th>Expenses</th>
<th>1968-69</th>
<th>1969-70</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Administration</td>
<td>$158,300</td>
<td>$181,800</td>
</tr>
<tr>
<td>Student Services</td>
<td>145,100</td>
<td>166,600</td>
</tr>
<tr>
<td>Public Service and Information</td>
<td>124,200</td>
<td>142,800</td>
</tr>
<tr>
<td>General Institutional Expense</td>
<td>102,500</td>
<td>117,600</td>
</tr>
<tr>
<td>Instruction</td>
<td>791,000</td>
<td>909,000</td>
</tr>
<tr>
<td>Library</td>
<td>79,000</td>
<td>91,000</td>
</tr>
<tr>
<td>Organized Activity Relating to Educational Departments</td>
<td>48,525</td>
<td>53,500</td>
</tr>
<tr>
<td>Operation and Maintenance of Physical Plant</td>
<td>215,500</td>
<td>244,255</td>
</tr>
<tr>
<td>Educational Plant Rehabilitation and Depreciation</td>
<td>25,600</td>
<td>28,500</td>
</tr>
<tr>
<td>SUB-TOTAL</td>
<td>$1,689,725</td>
<td>$1,937,555</td>
</tr>
<tr>
<td>CONTINGENCY (3%)</td>
<td>52,200</td>
<td>59,940</td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
<td>$1,741,925</td>
<td>$1,997,495</td>
</tr>
</tbody>
</table>
### CHART 17

**ESTIMATED EXPENDITURES FOR 1970-71 - 1971-72**

<table>
<thead>
<tr>
<th>Expenses</th>
<th>1970-71</th>
<th>1971-72</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Administration</td>
<td>$201,100</td>
<td>$234,000</td>
</tr>
<tr>
<td>Student Services</td>
<td>184,500</td>
<td>206,300</td>
</tr>
<tr>
<td>Public Service and Information</td>
<td>158,000</td>
<td>171,800</td>
</tr>
<tr>
<td>General Institutional Expense</td>
<td>130,100</td>
<td>140,000</td>
</tr>
<tr>
<td>Instruction</td>
<td>1,006,000</td>
<td>1,125,500</td>
</tr>
<tr>
<td>Library</td>
<td>100,600</td>
<td>125,100</td>
</tr>
<tr>
<td>Organized Activity Relating to Educational Departments</td>
<td>61,400</td>
<td>68,280</td>
</tr>
<tr>
<td>Operation and Maintenance of Physical Plant</td>
<td>273,000</td>
<td>295,700</td>
</tr>
<tr>
<td>Educational Plant Rehabilitation and Depreciation</td>
<td>34,885</td>
<td>33,300</td>
</tr>
<tr>
<td><strong>SUB-TOTAL</strong></td>
<td>$2,149,585</td>
<td>$2,401,980</td>
</tr>
<tr>
<td><strong>CONTINGENCY (3%)</strong></td>
<td>63,390</td>
<td>74,290</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$2,212,975</td>
<td>$2,476,270</td>
</tr>
</tbody>
</table>
### CHART 18

**ESTIMATED EXPENDITURES FOR 1972-73 - 1973-74**

<table>
<thead>
<tr>
<th>Expenses</th>
<th>1972-73</th>
<th>1973-74</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Administration</td>
<td>$ 268,100</td>
<td>$ 277,200</td>
</tr>
<tr>
<td>Student Services</td>
<td>224,100</td>
<td>254,100</td>
</tr>
<tr>
<td>Public Service and Information</td>
<td>192,100</td>
<td>217,800</td>
</tr>
<tr>
<td>General Institutional Expense</td>
<td>146,400</td>
<td>180,000</td>
</tr>
<tr>
<td>Instruction</td>
<td>1,220,000</td>
<td>2,380,654</td>
</tr>
<tr>
<td>Library</td>
<td>120,000</td>
<td>134,000</td>
</tr>
<tr>
<td>Organized Activity Relating to Educational Departments</td>
<td>70,000</td>
<td>85,000</td>
</tr>
<tr>
<td>Operation and Maintenance of Physical Plant</td>
<td>331,325</td>
<td>381,500</td>
</tr>
<tr>
<td>Educational Plant Rehabilitation and Depreciation</td>
<td>38,400</td>
<td>43,500</td>
</tr>
<tr>
<td><strong>SUB-TOTAL</strong></td>
<td><strong>$2,610,425</strong></td>
<td><strong>$2,953,754</strong></td>
</tr>
<tr>
<td><strong>CONTINGENCY (3%)</strong></td>
<td><strong>80,200</strong></td>
<td><strong>96,500</strong></td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$2,690,625</strong></td>
<td><strong>$3,050,254</strong></td>
</tr>
</tbody>
</table>

-88-
<table>
<thead>
<tr>
<th>Expenses</th>
<th>1974-75</th>
<th>1975-76</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Administration</td>
<td>$309,000</td>
<td>$345,400</td>
</tr>
<tr>
<td>Student Services</td>
<td>283,300</td>
<td>316,600</td>
</tr>
<tr>
<td>Public Service and Information</td>
<td>242,160</td>
<td>271,400</td>
</tr>
<tr>
<td>General Institutional Expense</td>
<td>200,000</td>
<td>223,500</td>
</tr>
<tr>
<td>Instruction</td>
<td>1,595,600</td>
<td>1,720,700</td>
</tr>
<tr>
<td>Library</td>
<td>160,000</td>
<td>170,000</td>
</tr>
<tr>
<td>Organized Activity Relating to Educational Departments</td>
<td>94,400</td>
<td>103,000</td>
</tr>
<tr>
<td>Operation and Maintenance of Physical Plant</td>
<td>420,000</td>
<td>476,015</td>
</tr>
<tr>
<td>Educational Plant Rehabilitation and Depreciation</td>
<td>48,560</td>
<td>54,200</td>
</tr>
<tr>
<td><strong>SUB-TOTAL</strong></td>
<td>$3,353,020</td>
<td>$3,680,815</td>
</tr>
<tr>
<td><strong>CONTINGENCY (3%)</strong></td>
<td>101,800</td>
<td>119,600</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$3,454,820</td>
<td>$3,800,415</td>
</tr>
</tbody>
</table>
## Chart 20

**Estimated Expenditures for 1976-77 - 1977-78**

<table>
<thead>
<tr>
<th>Expenses</th>
<th>1976-77</th>
<th>1977-78</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Administration</td>
<td>$369,900</td>
<td>$418,400</td>
</tr>
<tr>
<td>Student Services</td>
<td>340,000</td>
<td>383,500</td>
</tr>
<tr>
<td>Public Service and Information</td>
<td>291,400</td>
<td>328,800</td>
</tr>
<tr>
<td>General Institutional Expense</td>
<td>240,000</td>
<td>270,000</td>
</tr>
<tr>
<td>Instruction</td>
<td>1,850,400</td>
<td>2,095,200</td>
</tr>
<tr>
<td>Library</td>
<td>181,050</td>
<td>195,000</td>
</tr>
<tr>
<td>Organized Activity Relating to Educational Departments</td>
<td>113,300</td>
<td>128,000</td>
</tr>
<tr>
<td>Operation and Maintenance of Physical Plant</td>
<td>508,800</td>
<td>573,300</td>
</tr>
<tr>
<td>Educational Plant Rehabilitation and Deprecation</td>
<td>58,300</td>
<td>68,387</td>
</tr>
<tr>
<td><strong>SUB-TOTAL</strong></td>
<td>$3,953,150</td>
<td>$4,460,587</td>
</tr>
<tr>
<td><strong>CONTINGENCY (3%)</strong></td>
<td>127,000</td>
<td>143,000</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$4,080,150</td>
<td>$4,603,587</td>
</tr>
</tbody>
</table>
CHART 21

ESTIMATED EXPENDITURES FOR 1978-1979

<table>
<thead>
<tr>
<th>Expenses</th>
<th>1978-79</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Administration</td>
<td>$424,000</td>
</tr>
<tr>
<td>Student Services</td>
<td>388,700</td>
</tr>
<tr>
<td>Public Service and Information</td>
<td>333,000</td>
</tr>
<tr>
<td>General Institutional Expense</td>
<td>274,400</td>
</tr>
<tr>
<td>Instruction</td>
<td>2,120,000</td>
</tr>
<tr>
<td>Library</td>
<td>200,000</td>
</tr>
<tr>
<td>Organized Activity Relating to Educational Departments</td>
<td>130,000</td>
</tr>
<tr>
<td>Operation and Maintenance of Physical Plant</td>
<td>576,000</td>
</tr>
<tr>
<td>Educational Plant Rehabilitation and Depreciation</td>
<td>66,600</td>
</tr>
<tr>
<td>SUB-TOTAL</td>
<td>$4,512,700</td>
</tr>
<tr>
<td>CONTINGENCY (3%)</td>
<td>152,680</td>
</tr>
<tr>
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CHAPTER V

ADOPTION OF THE PROJECTED PROGRAM BUDGET

A. Presentation of the Projected Budget

When the president of Anderson College decided on the detailed recommendations he would make to the board of trustees, he had the business manager compile the budget document and the analysis he would present to the board. The form of the analysis and the amount of detail included varied considerably from the standard line-type budget with which the governing board was familiar. The president informed the board that there would be some variation in the form and content of the analysis from time to time within any institution as the composition of the board changed and as the individual members became better acquainted with the newly adopted budgetary policy of Anderson College. The president pointed out that, as the board worked more closely with the projected program budget the members would help determine the form and content of the analysis by feeling a need for more or fewer details in order for them to discharge their fiscal responsibilities properly.\(^\text{74}\)

\(^{74}\text{College and University Business, Vol. 1, op. cit., p. 28.}\)
Since the budget is one of the most important documents to be found on a college campus, the president was determined to provide as much information and as many details necessary to present a completed financial picture of the needs and projections of the college. "Inasmuch as the governing board must assume ultimate responsibility for the budget, it is important that the members of the board be furnished with all information pertinent thereto." It should be noted in relation to the matter of details that, the governing board should leave as many of the details as possible to the discretion of the president and his budget committee so as not to take valuable time and effort from the board's work on major decisions and policies dealing with the viable operation of the college community.

The trustees are more likely to feel at ease in their financial actions if they can distinguish between situations in which they are called upon to make decisions based on full and adequate facts and the situations which take a purely legal or "rubber-stamp" action.

It is here—in the adoption stage—that the president must help the trustees to be realistic and see the budget for what it is and does. In many ways the budget touches everyone in the academic community, from the chairman of the board of trustees to the teaching assistant. Rauh points out that the

75 Ibid.
figures contained within the covers of the proposed budget represents fruition of hopes; and also disappointments (although the latter may be better represented by the figures that are not there at all). 76

The budget instrument presented to the board of trustees by the president is often greatly misunderstood. This happens because it is a complex and detailed program of the college's educational offering. When the budget's provisions are executed with care and intelligence, it helps to insure that the program will be carried out in the manner agreed upon. 77

It is only when the trustees view the budget in this way—a statement of the college's program—can it be sensibly dealt with. Even in a small liberal arts college, the budget is the instrument that represents an exceedingly complex program, so it is a small wonder that trustees often become frustrated when they try to master its details, and especially so in a projected budget of a decade hence.

When the board of trustees of Anderson College approved the ten-year projected budget, they did so with a reservation for periodic examinations at two-year intervals. They also placed the chairman of the finance committee and the chairman of the board's executive committee on the president's budget.


77 Ibid.
group to help work out problems that would arise and give assistance in budget control and revision procedures.

After final approval of the budget by the trustees, the business manager gave each department head or other budgetary unit a copy of the approved projected budget for his department. The president of Anderson College instructed the business manager to give each person responsible for the administration of the budget allotment all the detailed information pertaining to him and his department. To do otherwise, according to the president, would defeat the planning, programming, budgeting, and purpose of the projected budget.

B. Problem Areas of the Projected Program Budget

For the writer to propose a projected program budget as reflected within the foregoing pages of this dissertation without pointing out the problem areas would be a grave error, to say the least. The program budgeting method requires extensive planning. Since it has not yet been worked out in small liberal arts colleges, its adoption as an accepted budgetary practice will not come readily. Dilley says that "many difficulties--some of which cannot be foreseen as yet, others of which are rather obvious--will emerge as the implementation process proceeds."78

One of the most obvious difficulties in program budgeting faced by the officials of Anderson College was its costliness in time and dollars. Even though the budgeting process is reduced considerably in the program budget, due to the long-range planning and programming of the institutional developments, such a process adds enormously to what is already a difficult task—that of preparing the annual budget. At first the program budgetary process seems to be mere "planning in the dark"; but as time goes on the long planning and programming sessions become fewer and fewer. This reduction in meetings comes about once the basic educational decisions are made.

Another trouble area for those involved in the planning and programming process for a long-range projected budget is the added responsibility thrust on already overburdened college personnel. The extra time spent on the preparation of a program budget could well be used more directly to accomplish immediate educational goals. Dilley suggests that the task of preparation be not added to the present burdens, but that the college establish an office of educational research or planning in order to coordinate the budget effort.79 If such an office were established the initial expense would be large but the library of standardized and accurate data available would

79 Ibid.
prove to offset the cost once the expense of collecting past data was complete. Moreover, any information gathered could be stored for easy retrieval, thus reducing considerably the data-gathering task in future years. A center such as this could collect information from various sources which would ease the burden on those responsible for the preparation of the budget. Dilley, commenting on the importance of an office of institutional research, noted that the information sought for a long-range program budget is the kind of information which is indispensable for sound planning, and therefore well worth the effort and expense of compiling.  

One of the "plus factors" of a program budget, especially a long-range program, is the development of new resources. It is a well-proved fact in fund raising that prospective donors are more easily persuaded to increase their gifts if they can be assured by the college of sound planning and financial efficiency. Almost every publication concerning gifts to educational institutions of higher learning show a definite increase in gifts from public and private donors. What these publications fail to reveal is the requirement of the donors for more depth in planning and supervision of expenditures by the recipient colleges. This concern is reflected quite boldly in the documentation required of the college by givers of

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80 Ibid., p. 485.
financial support. It will be increasingly difficult for the small, private, liberal arts college to obtain necessary funds unless better evidence of sound planning and efficiency are produced. The writer feels the long-range projected program budget is one of the best methods of showing the prospective donor how efficiently his gift will be used.

The information necessary for implementing a program budget through the planning and programming stages is also necessary to help an institution conduct its business more effectively. Regardless of the expense, both in time and money, such a data-gathering and planning process is of necessity if the college is to accomplish its immediate, as well as, long-range goals. Most educational institutions, especially small, private, liberal arts colleges, have lagged far behind other institutions in the area of institutional research. They have failed considerably in evaluating their own programs and procedures. The past data needed for preparation of the program budget at Anderson College proved to be the facts and figures needed at the present time to enable the officials to evaluate both the product and the means by which the product is being turned out.

Another problem area for the Anderson College officials adopting a long-range program budget was that of collecting certain kinds of data which were not normally considered in budgeting processes and which may be hard or even impossible to obtain. Dilley says this difficulty occurred for two
reasons: first, because some of the required data were often not available from past records and current reports. The second reason being that certain kinds of data cannot be produced at all as matters of educational research now stand.81

The president of Anderson College found that most of the difficulties could be handled through maintaining some flexibility in recording the collected information. The president examined the procedure of research, in relation to its economical implications and decided that estimates were reasonable in certain areas where the time and labor involved to secure the data proved to be uneconomical. He advised his budget committee that the facts and figures pertaining to the present and future were most important while sound estimates of the past could be used. He pointed out how important year-by-year recorded information was and how much less the burden would be in the future if proper data were recorded and stored for easy access.

The writer feels that as the process of program budgeting becomes more familiar to small college administration, it will generate some studies about itself which will make qualitative evaluation easier to achieve. In time the program budgeting procedure will definitely contribute to solving many problems which cause so much trouble at present.

81Ibid.
With the adoption of the long-range program budget, Anderson College faced the problem larger universities are facing—the fear, by many, that the program budget will inevitably lead to a deterioration of educational quality by encouraging judgment by formula.  

This "fear" is common among college faculty members and department heads. Sometimes it is justifiable and sometimes not, but it is always present and must be dealt with, as it is a hindrance to the establishment of a program budget. McKean and Anshen call this fear an institutional problem.  

In essence, this problem is a defense thrown up by department heads when any change threatens the "citadel" of the established decision-making procedure called tradition.

The president acknowledged this problem openly and called upon his budget committee to commit itself to continuing Anderson College's desire for a quality educational program. He pointed out the specific areas of the program budget that would help them achieve both their present, immediate, and long-range goals. He further stated that he realized the possible dangers of decision-by-formula, but felt that the process undertaken at Anderson College was such that if all department heads

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82 Ibd., p. 486.
83 R.N. McKean and Melvin Anshen, Problems, Limitations, and Risks of the Program Budget, quoted in Williams, op. cit., p. 52.
accepted the budgetary procedure for what it was intended to be, the program budget planning and programming stages would make available the necessary data which would permit better assessment of quality. According to Dilley, Anderson College's departmental plans could be more accurately evaluated if they were accompanied with increased data and by firm long-range planning which would show how these recommendations fit into the projected educational program. Moreover, the program budget procedure for a projected ten-year period will, by its design, require an increased amount of discussion between department chairmen and their deans as to what ought to be the objectives of the programs, thus providing more opportunities for discussion and for negotiation of interests.\textsuperscript{84}

The president pointed out the fact that as more discussion is carried on concerning the program budget communications will definitely be improved. As for the effect the new budgetary process would have on the administration, the president noted that it would greatly improve the officials' ability to evaluate the total program more accurately and provide the decision-makers at each level the type of data necessary to decide on future programs for the progressing college.

If the projected program budget procedure is carried out as designed, it will provide an increasing amount of valuable information for the college officials which will aid them greatly.

\textsuperscript{84}Dilley, \textit{loc. cit.}
in making informed evaluation judgments, thus eliminating decision-making by formula.

The design of the projected program budget calls for plans being formulated, not solely from the bottom up or the top down, but actually from both directions at the same time. Since the programming stage of the budget requires decision-making from personnel at the operating levels, then planning must begin there also. It is this clientel of persons best suited to know what the job requires and what can be done to integrate it into the whole structure of the long-range educational plan. This "both direction" planning is essential and should be furthered by way of consultations, adjustments, and negotiations as the process proceeds to a harmonious adaptation of the educational goals established in the first step of the planning stage.

Another potential problem area for the proposed long-range program budget could be the deviation from standard college forms used for various kinds of college programs. Although it would be desirable to standardize as much as possible, the program budget procedure must not be adapted to the existing programs, but rather vice-versa. This should not become a problem of any magnitude. It is not really necessary, for good administrative procedures, that uniform budgetary forms be utilized. Naturally, for the sake of time, money, and clarification any standardization possible will make easier the task of obtaining important facts and figures, as well as facilitating the research of data
necessary to implementing the planning, programming, and budgeting phases of the projected fiscal program.

The president reminded his group of officials that continuous dialogue on the budgeting process, especially at the point of deciding to implement a specific proposal, should ideally involve as many responsible persons as possible in the full exploration of the concept, in the design of the budgetary instrument, and in the important decision of its adoption. A series of conferences should be held to explore the feasibility of such a fiscal program. It is also important to allow an unspecified amount of time for the consultation meetings in order to provide everyone concerned with enough time for questions and contemplation; because once the program is agreed upon there will be considerable extra work and responsibility that will have to be shouldered by each person involved. Once everyone is convinced of the worthiness of the proposed program, a level of stability necessary for a successful budget program will be achieved.

The importance stability gives to the program can be seen immediately in the evaluation and planning stages as the college personnel work more leisurely together, thus eliminating any threatening situations which possibly could occur in an institution of higher education such as Anderson College.

85 Ibid., p. 488.
McKean and Anshen suggest two other problem areas in relation to the establishment of a program budget, that of conceptual and operational nature. The problems contained in the conceptual area are those encountered in the structure of the programming phase of the long-range budget as it relates to the existing administrative procedures. Since the program budget is essentially a management tool which assists in all levels of college decision-making, it appears to be the ideal instrument for a forward projection of college activities, as long as all personnel involved are cognizant of the procedures involved.\textsuperscript{86}

The president of Anderson College, along with his planning committee, explored such conceptual problem areas as: how the college might define its program more clearly; how it could establish its major programs; which of these programs constituted a meaningful and efficient combination for its purposes; how the programs would relate to the over-all long-range goals; what violence the new programs might do to the present institutional structure; and other similar problems confronting the college.\textsuperscript{87}

Turning to the operational problems, Anderson's president defined this category as the problems encountered in implementing a program system in the environment of a particular college.

\textsuperscript{86}Mckean and Anshen, \textit{loc. cit.}

\textsuperscript{87}Ibid., p. 53
This phase of problem-solving led the college officials to be more specific in their questions, such as: What set of homogeneous activities might properly be fused into the program budget? How well have the initial programs worked out? Is the logic of the decision or planning process in the college such that the decision-makers are constantly alert to the efficient use of all available resources? and, Is the group collecting data as an end in itself, or for the means of justifying cost-estimates and for preferred alternatives in the use of their resources?\(^8^8\)

The president issued a word of warning concerning the pitfall of getting involved in too much paper work. There is bound to be additional paper work with the implementing of a program budget. Being aware of the potential problem is the first step toward the reduction of the added work load.

The above-mentioned problems certainly do not cover all the problem areas connected with the institution of a ten-year program budget. The writer feels that whatever problem emerges during the planning, programming, or budgetary state would appear insurmountable if the following ground rules suggested by Williams are not kept in mind:\(^8^9\)

1. Establish clear-cut definitions for new techniques in a program budget system which might otherwise cause confusion.

\(^8^8\) Ibid., p. 58.

\(^8^9\)Williams, op. cit., p. 63.
2. Associate the new program budget structure with present budgetary cycles.

3. Begin with rather loosely configured definitions of major programs and program elements so that no initial rigidities are established.

4. Guard against too much centralization in the decision processes.

5. Be careful not to overload the whole decision-making process with redundant paperwork and reporting schemes.

6. Establish a professional staff reporting to the chief academic officer or the president of the college to develop the conceptual formats, establish the data system, and provide the analytical studies for the review process—all of which are necessary to a projected program budget system.

C. Methods of Budget Control

A good program budget procedure includes control. Without strict control a program budget, regardless of how accurately and carefully prepared, is worthless. The main purpose of budget control is to insure that expenditures will not exceed appropriations. It must also be noted that the adoption of a budget does not guarantee realization of the estimated income. One way to insure budget control is by means of good records. These records will yield important information which will aid in the adjustment of the budget if necessary. Another means of budget control consists of a series of estimates, prepared many months in advance, and a continual review of the data on which the budget estimates were based.
Periodic review will have to be made so the budget will show a true picture of income and expenditures at all times. It is the responsibility of the business manager to maintain accurate records which reveal the actual income and expenditures in comparison with the budget estimates established in the planning stage of the program budget. The business manager should report to the president any major differences. "If it is apparent that the estimated income will not be realized, steps should be taken either to provide the necessary revenue from other sources or to reduce budget appropriations. If the budget includes a contingent account, the necessary adjustments may be made by reducing this amount."90

The department chairman is a key person in making any college budget, especially a projected program budget, work in the manner for which it was planned and designed. It is his responsibility to see that salaries involved in faculty contracts do not exceed his budget allotment. He has the further responsibility of restricting the supplies and equipment for his department so as not to exceed the appropriated budget amount. In the program budget the department head must use keen business sense in order to allot the funds in such a manner as to provide adequate supplies and/or equipment for his program without superceding his budgetary figures. If the department heads do not take these responsibilities seriously,

90College and University Business Administration, Vol. I, op. cit., p. 29.
they can cripple their institution's total educational program. Once the budget figure is set for a department, the chairman should strive diligently to stay within his allotment. He should not deviate from his budget without the approval of a higher authority.

Although no college advocates educational involvency, much of the controversy and many of the differences in budgetary procedures are in the area of the methods used in budget control. This was apparent at Anderson College as the officials considered methods of budget control. Some methods they discussed allowed reasonable flexibility at the teaching level, while others were detailed measures of control which allowed no flexibility at all. Woodburne cites an example of limited-flexibility in what he calls the "line-item budget control" used by many Eastern colleges. He said that funds had to be spent just for the items specified and not for an agreed-upon substitute. The allotment of funds for an instructor and an assistant, for instance, could not be combined to make the appointment of an assistant professor possible. According to Woodburne, these procedures are followed so strictly, at times, that the number of promotions allowed each year is determined by the number of vacant lines at the next higher rank. In this instance the budget becomes the determining factor of the educational policy, promotions, and program of the college.®

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® Lloyd S. Woodburne, Principles of College and University Administration, Stanford, Stanford University Press, 1958, p. 28.
The officials of Anderson College felt this type of budget control would be paradoxical to the program budget such as they were putting into practice, since it offered no flexibility for continuing program changes.

As previously indicated, budget control is essential to any budget, but especially important to the projected program budget because of the time period over which the estimates of income and expenditures must be spread. To the program budget the method of control simply means placing an automatic "stop" upon the proposed expenditures which would exceed the current level of income. It is important to note that while the cost of living and the level of competitive salaries have been raising the budget levels all over the United States, these factors are almost completely outside the control of any college official. Anderson College kept this facet of the budget estimates in mind when it set down its basic assumptions, based on those of the government's economists.

Hungate insists that it is impossible to apply a uniform plan for budget control in all institutions. He suggests several necessary steps to be considered by a budget committee in relation to structuring a feasible control program, which were adopted by Anderson College. They are:92

1. Fix responsibility for budgetary control. The president of an institution is full responsible for the administration of the budget approved by the trustees. His

92Hungate, op. cit., pp. 84-93.
responsibility involves control of expenditures for (a) personal service and (b) materials, supplies, and contractual service.

2. Assign duties for budgetary control. The chief administrative officers to whom the president delegates responsibilities for budget administration usually include deans or directors of instruction, research, public service, student personnel, staff personnel, publicity, finance, and business.

3. Establish routine for budget control. The routine which grows out of such allocation of functions and duties will vary according to the wishes of the president in effecting centralized or decentralized budgetary control of expenditures for other than professional personal services.

4. Provide for continuous evaluation of the budget. With an organization developed, duties assigned, and a routine established, it could be expected that little else be done to assure the budgetary control desired. Yet the president has the responsibility of keeping himself continually informed of the progress of income and expenditures under the budget. If income is assured in excess of the estimate, the estimate should be revised. If portions of appropriations are not needed, they should be reduced.

5. Maintain morale in the budget organization. Some administrators place great emphasis on the meticulous recording of encumbrances, large and small, as the basis for budgetary control. It is exact. But one does not have to look long to discover that this machine-like approach to control does not insure the best functioning of program. For the object sought is not alone the control of the flow of money, but also effective conduct of the program.

The president reminded his committee that as important as records are, true budget control is achieved by the people who
administer it. If they are given accurate information, understanding, and cooperation they will have a positive influence on the spending program of the college. This is not to say that records are unimportant, but rather that accurate records are needed along with the positive, humanistic approach. It is at this point the president indicated the need for good communications and confidence in each other as the two most essential catalysts of high staff morale.

The budget committee made provisions for a degree of fiscal flexibility by requiring the person requesting academic allotments to obtain approval prior to the expenditure. This practice provided allowances for alternative choices made by the department chairmen and academic dean. This called for a determination of un-assigned or contingency money in the Anderson College budget, during the quarter for which it had been budgeted. If these funds were not used by the specified time period they could then be transferred to a central reserve. The officials felt this procedure would allow them to shift the contingency funds to the point of greatest need. This would enhance the educational program as a whole and serve as an efficient operation without fear of raising the budget level.

Funds cannot be left in the hands of the department chairmen for the shifts and/or adjustments suggested above unless an unallocated reserve of some size has been established during the
In terms of percentage these funds need be no larger than one to two per cent under normal college operating circumstances.

It certainly should be pointed out that these procedures could not be adopted without careful planning in the programming and budgeting phases of the projected program budget procedure as outlined previously.

The president pointed out to his budget committee in relation to control that with the estimated growth increments for the next two years, a college which has no flexible elements in its budget procedures will not likely maintain or even catch up with the educational needs of the on-coming student body. Without this kind of budget flexibility the college would be continually behind in its needs as well as its student population. The president also stated if these procedures of control were not adhered to, the young men and women of Anderson's campus would only receive a pale imitation of the education which they expected and by all means should received.

D. Methods of Budget Revisions

Criticism is sometimes made of the budget plan of operation on the ground that it is inflexible, does not provide for unforeseen contingencies, and ties the hands of the college officials by making rigid, specific appropriations before the opening of the year so that they cannot cope with changing conditions as they appear. Whether or not this criticism is justified depends
upon the wisdom exercised in making and in operating the budget. As already stated, the budget consists of a series of estimates. These estimates, however, must be prepared many months in advance of the fiscal period to which they apply. If the income is correctly estimated, appropriations made within it, and care taken that no appropriation is over-expended, there can of course be no deficit.

It is almost inevitable that changes unforeseen will occur in income, and that expenses will not be exactly as they were anticipated. Periodic revisions should be made in order that the budget may always represent a true statement of realizable income and a realistic plan for expenditures. To adjust the budget to these changing conditions and to let it serve adequately it should be revised periodically during the year. Every item in the budget should be considered and note made of the amount of any probably variation from the original estimate. A list of variations, in detail and in summary, should be made showing the departments the item of change, name of account, original estimate, present estimate, and a plus or minus amount variation from the original estimate. When revisions have to be made they should be initiated by the same college officials responsible for the original estimates. The revisions should be subjected to the same general procedures of review, modification, and approval.
before they are recorded in the books of account. 94

Authorization requests for increased funds above the original budget estimates are usually initiated at the department level and reviewed by the academic dean before presentation to the president. This is the procedure for budget revisions at Anderson College. If the amounts involved are within the total of the contingent account in the approved budget, or are covered by an increase in anticipated income, the president of Anderson has authority to grant such requests. If, however, the amounts involved are large enough to change the total estimated budget surplus or deficit, the president usually seeks formal approval from the executive committee of the board of trustees.

Anderson College officials encountered numerous changes in personnel by reason of resignations, retirements, death, and transfer. Each of these changes had to be reported promptly on an appropriate form recorded in the budgetary accounts.

CHAPTER VI

RAISING THE REVENUE FOR THE PROJECTED PROGRAM BUDGET

The officials of Anderson College, led by the president, realized that if their goals were to be achieved they would have to inaugurate a ten-year master plan of finance to raise the necessary annual funds and building funds anticipated in the estimated income phase of the program budget. Any fund raising campaign is an intricate and laborious undertaking, especially over a ten-year period. The director of development outlined such a campaign with the president and the board of trustees, and was given the unanimous affirmative vote of the board to put the plan into practice.

A. A Ten-Year Master Plan of Fund Raising

Before starting any important work, it is always best to plan it well in advance. This practice will clarify procedure and will save much time and money. In fund-raising, with its many facets, such planning is especially helpful. It should tell you what you can do, how you can do it, why you can do it, and how much it will cost.95 Without such planning a college

must learn all of these things as it stumbles along. It learns most of them by trial and error, chiefly by error.

The first thing to do in planning any kind of a fund-raising campaign is to make a survey. This is a study of the fund-raising facts and trends of the institution and of the willingness and capacity of its constituency to subscribe and work in a campaign.

The survey should accomplish the following:

A. List the needs of the institution in the order of their importance.
B. Evaluate the willingness and the capacity of the constituency to work and to give.
C. Determine the fund-raising program to be developed.

First Part:

This part of the survey consists of gathering the information on forms about a number of matters, of which the following are most important:

Important events;
Board of trustees, and their occupations;
Unfunded tuition concessions;
Geographical distribution of alumni;
Geographical distribution of student body;
List of Leadership Gift prospects with an estimate of their giving power;
History of former campaigns;
The writer mentions the board of trustees because this group is the most important of all when trying to raise needed funds. This group will help define the problem, search out the pertinent facts and opinions, and help make a plan for the campaign design. The leader of a college campaign, such as Anderson's, should work hard to involve the trustees in the active participation of the fund drive, especially those in a position to do the college the most good in making financial contacts.

Involvement of the trustees will help the campaign in another important area, that of developing the giving standards and the quota systems. Perhaps the best leader for a funds campaign would come from the board of trustees. Most trustees are men of financial means and live in a social and business level where influence is the most important attribute of a campaign leader. A trustee in a situation such as this will be able to stir the minds of potential donors as he presents his institution's needs and shows their importance, relevance, and urgency.

Other areas worthy of note during the collection of data stage are:

- Ten-year record of alumni donors;
- Ten-year record of foundation gifts;
- Ten-year record of business and corporation gifts;
Needs of the institution;
Ten-year student enrollment record by classes;
Church preferences of students;
Ten-year record of income, expense, assets, and liabilities;
Accreditation;
Ten-year record of the annual fund, and gifts over and above the usual annual fund gifts;
Ten-year schedule of bequests;
Public relations and fund-raising personnel and program, if any.

Second Part:
This part of the survey consists of interviews with representative individuals of the constituency. About 200 prospects are selected, covering trustees, alumni, parents, denominational leaders, local business leaders, former donors not in these classes, and other important friends of the institution. In each of the 125 to 150 interviews which are actually held, the surveyor is instructed to get a categorical answer to at least the following four questions:

1. What is the general attitude of the interviewers in the college?
2. If the campaign is conducted, will he give (not how much - just his attitude)?
3. If a campaign is conducted, will he help with the work involved?

4. Does he see any reason why a campaign should not be conducted at this time?

The responses in these interviews are analyzed and a conclusion reached as to the willingness and the capacity of the constituency to give.

From the foregoing facts the survey outlines a program of public relations and fund-raising definitely showing the following:

1. Whether a campaign for funds is possible at the present time.

2. If it is not possible, what ought to be done to make it possible.

3. If it is possible, these details of how it should proceed:
   a. For what end objective it should be conducted.
   b. For how much it should be conducted.

   It has probably been noticed that the information about the constituency’s giving was confined to their willingness and did not include their capacity. A detailed schedule of this is constructed by the director as part of his operation.

   In the survey itself, however, in order to determine the size of the objective, the subject
of the financial capacity of the constituency has to be determined.

As shown later in this outline in the section on financial needs, this capacity is divided roughly into two parts. One consisting of a small number of the constituency (about 10 per cent) will give about 80 per cent of the money and the other (80-90 per cent) who will give the other 20 per cent.

Since 80 per cent of the money has to come from a small number of the constituency giving in larger amounts, an effort has to be made to see whether the institution has such a small number who can give in larger amounts, and how much can be expected from them. The best way to advise the institution of what is necessary in the way of large gifts and of arriving at the kind of large gifts needed in a campaign is to present in the survey a schedule of such requirements. It will differ, of course, for different sized campaigns; but the following schedules for two campaigns give a good picture of what is required in the large gift area.
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</tr>
<tr>
<td>50 gifts of 2,500</td>
<td>125,000</td>
</tr>
<tr>
<td>150 gifts of 1,000</td>
<td>150,000</td>
</tr>
<tr>
<td><strong>242</strong></td>
<td></td>
</tr>
<tr>
<td>1,600 gifts under 1,000</td>
<td>200,000</td>
</tr>
</tbody>
</table>

1,842 out of 3,000 prospects

The percentages are somewhat different as shown in the section on church campaigns.
Present these larger gift requirements before the institution to show it what their constituency will have to do and weigh larger gift estimates carefully in determining how much the institution can raise.

c. How long it will take.

Include a calendar showing the timing of the component parts.

d. Suggestions about the component parts of the campaign.

Include leadership, lists, publicity, convocation, solicitation and mail campaign.

The survey is really an over-all preview of the campaign facts and conclusions involved in conducting the fund-raising project.

In organized fund-raising such as Anderson College is engaging itself in, another good procedure to follow is that of learning as much as possible about people. Seymour insists that genuine leadership in any cause is rare beyond price, and always the nucleus of significant achievement. He alludes to the importance of knowing the different types of people encountered in a fund-drive.96 Knowing these differences is valuable to the director of development as he must take them into account while planning his promotional

ideas. It is this type of planning that will largely govern his timing, affect his costs, and eventually even determine the number of gifts, and the amount of dollars raised.

The three types of persons mentioned above seem to fit into well-definable categories. First, there are the leaders—the creative citizens with a sense of privilege. According to Seymour these are the people that, "Light the way, originate action, take the responsibility, establish the standards, create the confidence, sustain the mood, and keep things moving."\(^{97}\) This important group rarely numbers more than five per cent of any constituency.

The next group, perhaps best called the "responsible" people, is a key group. This segment of the citizens usually numbers about 25-30 per cent and can be depended upon to play one of the most important roles in the campaign for funds. They will usually do what is asked of them and do it in the way the leaders ask them to do it.

The last group, which is the largest, has acquired the name of "responsive." In many ways this is a misnomer because if they are responsive at all it is in varying degrees. They usually react out of sheer impulse, unless negatively.\(^{98}\) Along with this group is a residue of persons, always on the negative side, which fit into a category of "habitually unreliable."

\(^{97}\) Ibid., p. 4
\(^{98}\) Ibid.
When dealing with people, especially where money—their money—is involved, it is well to keep in mind two rules of thumb: (1) What many people want is simply to be sought after. Millions are hospitalized today for no better reason than because they think nobody wants them, cares about them, or wants to listen to what they have to say, and (2) every individual needs to feel that he is a worthwhile member of a worthwhile group.

A cardinal rule of fund-raising is to plan with the above two needs in mind, for to ignore them is to miss two of the most universal human aspirations.

Another point of attention for development personnel is the time-proven rule that, usually one-third of the people engaged in a campaign appeal will respond as asked, another third will respond under pressure and prodding, and the last third, no matter what anyone does, will turn out to be mostly negative.

The writer feels that one of the most important things for a campaign director, soliciting people's money, is never to play people down, but always approach them with respect. To do this, a fund raiser must keep in mind several things people tend to do throughout their lives. People tend to follow leaders in whom they can place their confidence. They tend to strive for measurable and praiseworthy attainment. This point has been

99 Lawrence C. Kolb, quoted in Seymour, op. cit., p.6.
100 Dorothea C. Leighton, quoted in Seymour, Ibid.
adequately proven by the giving of pins for attendance in Sunday School. Most people tend to seek or achieve some form of unity through group action. It is well to remember, according to Seymour, that most of the parades for causes are not so much for the purpose of impressing those who watch as for unifying those who belong, and especially those who march.  

People have a tendency to act only when they find themselves under the pressure of deadlines, either real or assumed. They also have a tendency to conceal unpraiseworthy attitudes. Perhaps one of the major errors most people commit, and certainly at a great deal of loss to them, is the tendency to glance at written material rather than reading it. In fundraising, especially, it is necessary for the campaign leaders to convey their appeals almost phrase by phrase, using as much repetition and visual aids as possible. A care must be taken here not to make the appeal material too cluttered or present a laborious reading task. People tend to admire excellence but tend to be suspicious of perfection. Seymour quotes Columbia's Professor Montague as telling a young YMCA director, "If you want to persuade anyone, you can't afford to be more than eighty-five per cent right."  

Another important tendency among people is that of generalizing from fragments of information. People find it easy to

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101 Ibid., p. 9.
102 Ibid., p. 11
assume and hence it doesn't take much effort to confirm a prejudice and even less to rationalize a favorite opinion. Perhaps one of the greatest tendencies among Americans is that of responding to the warmth of good sentiment. By this last observation the writer means that nothing will prompt the mind like logical points of appeal.

There are two other general tendencies fund-raisers try to capitalize on, and in some ways these are the most important. The tendency of people to devote their interest and enthusiasm in proportion to their personal involvement and identification with a cause is a very important element in fund campaigns. If a person can be involved, regardless of the depth of identification, he will be more committed and show more of a positive attitude toward the project than if he is a silent observer. People have to get involved to be useful. The sooner a fund raiser learns this fact, the sooner he will realize his goals. The last tendency most people display is that of universal fear of change. Most people see change as an enemy to tradition and custom; hence they tend to rebel at any program even hinting at change.103

Next, the needs of the institution should be considered. They may be classified as the end objectives, the particular objects for which the funds are to be raised, such as a building, scholarships, or endowment, and the financial objectives—the amount of money required to accomplish these end objectives.

The purpose of selecting an end objective is to make the appeal definite. The constituency will be reluctant to subscribe to a request for funds simply for general purposes. It must know, as far as possible, the exact object for which the funds are needed. In other words, a constituency may not be willing to subscribe to a fund of $1,000,000 for whatever indefinite purposes the institution's administration chooses to use it, when it would subscribe a million dollars for buildings necessary to accommodate a growing student body. Moreover, the subscriber demands to know what the money is to be used for, so that he can determine whether he wants his money used for that purpose.

The needs usually listed are obtained largely from the president and his advisers. They may be classified as follows:

1. The first category includes current and recurring needs, such as short-term debts caused by operational deficits and property improvements of a minor character, not large enough to be a capital classification.

2. Capital requirements, include:

   Debt, either unsecured or secured, as for instance, by mortgage or by financial securities.

   Buildings in the order of their importance.

   Endowment may be general or for professorships, scholarships, or even building maintenance.
3. **An expendable endowment** fund is one for a term of years. There the principal as well as the income may be spent for a particular, perhaps recurring purpose. For instance, such a fund of $1,000,000 for a term of ten years to be used for salary increases for teachers would be invested and 1/10 of the principal and prospective earnings be spent each year. At the end of ten years, the fund will have been entirely used up. But if the object for which the money was used has proved satisfactory, other money will be available to continue it. Often it is combined with a permanent endowment where, for instance, a fund of $1,000,000 may be raised, $500,000 of which is to be kept perpetually as a permanent endowment and the other $500,000 with its earnings is to be distributed year by year over a ten-year period.

The total of these needs will usually go beyond the financial ability of the constituency to satisfy them in one intensive campaign. In specifying them the institution should stretch its imagination and yet remain within reasonable limits. Put them in the order of their importance so as to permit the surveyor to advise a program divided into more than one campaign. Thus, an institution may conduct a campaign for a new building in 1970,
then increase its current support throughout a five-year period
and finally conduct another capital campaign in 1975 for another
building, for endowment, or for a combination of the two.

The needs which have just been discussed under the name of
depend objectives, have to be expressed in terms of the money
necessary to produce those end objectives. This phase of the
needs is called the financial or dollar objective.

The financial objective should:

1. Make the goal definite and in fact make the
whole campaign definite.

2. Show the undertaking to be both challenging
and possible; challenging because if you
make it too small (not challenging) the con­
stituency will think it not worth going after;
and possible because if you make it too large
(way out of reach) they will refuse even to try
for the impossible.

3. Help determine the type of organization and
the number of workers needed.

4. Result in great enthusiasm for the follow-up
after the goal is reached or exceeded.

5. Create a desire to complete the task if the
goal is not reached.

Determine the potential financial objective: The potential
goal is set after a preliminary professional survey, which includes
consideration of the total number of possible prospects, the leadership and general gift prospects—their ability to give and their willingness to give. All potential goals for the over-all campaign and for each subordinate part are determined in the same way.

Amount of Dollar Objective: A number of ways have been suggested for determining total quotas and area quotas. Basic to all of them is the old fund-raising "rule of thumb" principles that 75% to 80% of the amount raised in a college campaign will come from approximately 10% of the subscribers and that the remaining 20%-25% of the fund will come from the remaining 90% of the subscribers.

Experience has refined and divided this conclusion by stating that 50% of the fund will come from a very small part of the subscribers (say from one, two, or three of them) and that 25%-30% will come from the next 10% of the subscribers. Finally, the last 20%-25% of the amount raised will come from the remaining 90% of the subscribers.

Three methods of calculation have been found more satisfactory than others. They are as follows:

1. Determine the number of alumni (in some cases, particularly in a preparatory school campaign, some directors add the names of parents of those students who have attended the school during the past ten years). If the college has 10,000 alumni about 6,000 will be approachable. Deaths, changes of address
and changes in some other ways will account for the reduction.
The figure to be used is 6,000. Divide these 6,000 alumni into
your objective—say $900,000. This means that each card in the
list must produce $150 if the goal is to be reached. Of course,
we know that some of the 6,000 will not give and that, therefore,
some of the remaining alumni will have to give more than $150
each; but the average will work out at $150. So, for example,
if in the area of X-Town 100 prospects can be reached, this
means the quota would be $15,000.

This figure may still be modified, however, by another
factor involving Leadership Gifts and general gifts. It may be
that there is a prospect in X-Town who can give $25,000 by himself,
which is more than the $15,000 quoted. The procedure is to add
his $25,000 to the $15,00 normal quota, making it $40,000.

2. Another way to figure the quota is to start with the
Leadership Gift mentioned above of $25,000. Add to this any other
Leadership Gifts which are available. If there are five others
of $1,000 each, add $5,000 to the $25,000 and the Leadership
Gifts goal would be set at $30,000. This—under our ordinary
rule of thumb, 80% from Leadership Gifts and 20% from general
gifts—would represent 80% of the quota. In turn, this would
make the total quota $37,500.

3. Still another way is to take a similar area with 100
reachable prospects. Normally the average general subscription
will run about $100, and since 3-1/3 out of every 10 prospects on the list will subscribe, this means 33 subscriptions. Assuming the 33 averaged $100 there would be $3,300 in general subscriptions, representing 20%-25% of the goal. The whole goal (100%) would then be $16,500 (or if you know what your Leadership Gifts in that area will amount to, add that to the $16,500).

The $100 average subscription is conservative. Some campaigns will show the capacity of the prospects considerably higher, some going as high as $150. Set the amount of the average subscription somewhere between $100 and $150, depending on the financial ability and attitude of the general constituency.

The estimate of 3-1/3 subscriptions from each 10 prospects as mentioned above is also conservative. That ratio is almost doubled in the case of prospects who are personally interviewed. In that case the ratio rises to six out of ten. But because all of even the approachable prospects are seldom seen, the higher ratio is not sufficiently dependable to be used in calculating a sound objective.

4. Probably the best way is to figure the goal by using all three formulas and then by averaging them. And in all of this calculating mix in some common sense from your experience.

Adoption of Dollar Objective: Usually, the consultation committee—or a similar representative group—makes formal adoption of a financial objective. The director encourages the
group to set as large a goal as he thinks possible, but not an impossibly high figure. If the committee insists on an impossibly high goal, tell them that the amount beyond a normal goal must come from them and prospects like them. The small giver can give so much and no more, no matter how high you raise the goal, because he has no surplus from which to draw more. Consequently, if the goal is raised beyond normal, the excess must come from large givers, usually from the committee and prospects like them.

Sometimes, if there is a difference of opinion about the objective, it is desirable to adopt minimum and maximum goals but to try for the higher one. Then the campaign is still successful if only the minimum is reached. This allows a feeling of accomplishment as well as permitting better publicity.

Proportion of giving: The director must remember that usually about 75% to 80% of the total objective is given by 10% of the prospects.

In any recommendation, keeping in mind the basic difference between Leadership Gifts and general gifts, make clear how much will have to be raised in each class, particularly in the Leadership Gift class. Indeed, make a schedule of the number and the size of Leadership Gifts required. For example, in a campaign with 1,800 gifts for $1,000,000 the normal pattern would show gifts for $800,000 (3,000 prospects) contributed by about 200 participants in Leadership Gifts and $200,000 in general gifts by about 1,600 participants. The inexperienced educational
administrator and his constituency do not know about this form of giving. They think in averages. It is very essential to have the basic rule of 80-20 be understood. The best way to get it seen is by a schedule of the necessary large gifts of $1,000 or more each. A schedule for the large gifts in a $1,000,000 campaign would be about as shown on page 121. This should be clearly set forth in a survey. This should be clearly set forth in a survey.

To set a proper goal is a most important part of planning, because, as we have mentioned before, a constituency will not be interested in either one that is fantastically high, or depressingly low. To make either mistake means failure, because the constituency intuitively senses the reasonableness of an objective.

The campaign is not completely successful unless both financial and non-financial objectives are reached. Non-financial objectives include: re-acquainting the constituency with the college, reawakening their interest in it and teaching people the joy of giving to a worthy cause. College campaigns offer alumni the chance to show their appreciation to the college for the education they received.

Area Objectives: In one area of a large campaign, the local organization may want a specific figure as that area's portion of the total goal.
Use the same procedure as is set forth above.

The area goal also takes into consideration all the local factors entering into that situation. These are number of constituents and friends in that area, the geographical scattering, economic condition of the area, individual ability and willingness to give.

B. Implementation of the Campaign Plan

Before a campaign starts one needs a meeting of influential and interested leaders. This group discusses the general policies of the campaign, especially the financial objective. Generally one is held to discuss the entire campaign and others for each area, held area by area. These are called Consultation Meetings:

1. Help secure top leaders for the campaign—both good givers and good workers.
2. Help raise the goal to where it ought to be, and at the same time help keep it from going to unreachable heights.
3. Help to get the leaders of the constituency behind the campaign and thinking of it as their job.
4. Start educating the leaders on the importance of leadership and special gifts, and especially the responsibility of each of them about their own giving at this point.
Before the consultation meeting, use informal huddles to discuss appropriate people for committee heads and for executive committee members.

At the consultation meeting, select the committees. The committee heads and executive committees may be chosen at this time. The members of the group should decide on a goal—possibly setting a minimum and a challenge goal.

The director should lead them to choose as large a goal as he thinks raisable, but not let them go beyond into any fantastic figure. For instance, a campaign which might reach $500,000 with everybody stretching himself to the limit, ought to be pushed to that amount as the goal and not allowed to fall below it. However, the enthusiasts ought not to be permitted to choose some fantastic goal of $1,000,000, as is sometimes the inclination. Check this by showing the group the large number of Leadership Gifts necessary for an objective which is too large.

In the case of Anderson College, the fund-raising goal was set at $4,000,000 for the projected ten-year period of 1968-1978. This amount is expected to be used to construct six residence halls, three classroom buildings, a new student center, and a cafeteria. The ten-year plan is to cover three, three-year capital funds campaigns each having a three-year pledge period.

The college officials publicly announced a victory goal of $4 million and a challenge goal of $4.5 million. Matching funds from the Federal Government for the student center will amount to
one-third of the total cost of the center, which is estimated to cost $800,000.

A decision which must be made before the campaign can get under way smoothly is how the present fund-raising program of the institution and its fund-raising personnel should operate during the campaign.

The purpose of stating this clearly is to avoid having the annual program get in the way of the capital program and at the same time to retain the values of the annual program.

Information about the annual fund program must be continued, so as not to create a break in the habits of giving that have been built up among the contributors. This will require continuation of publicity about it and of the routine office work connected with it. These ideas should be covered in the planning for the capital campaign.

Normally, it has been found best both for the annual fund and for the capital fund to merge the two into one effort for a large capital fund such as Anderson's, which will include the above-mentioned expenses for the administration work of the annual fund. The operation of the annual fund should be continued as far as records and publicity are concerned, but there should be no separate solicitation. This merging of the two funds should be confined as far as possible to the elimination of the annual fund for only one year.
A problem arises where a campaign extends longer than one year. In this case it has been found best to merge the two programs in different parts of the constituency at different times. In other words, where one would be carrying on the Leadership Gift Program in Territory "A" and the general campaign in Territory "B", it has been found best to merge the annual and capital funds campaign in Territory "A" during the running of the Leadership Gift programs, but not to merge it in Territory "B" where the general campaign is being conducted. In the next year switch the programs.

After a lapse of one year of conducting the annual fund as such, it should be completely reinstated. There are two ways of handling this reinstatement. The first is by sending a request only to non-subscribers to the capital fund and to those who have finished paying their subscription. The other is to send it to every alumnus regardless of his capital fund payments, but to be very careful if he responds by indicating that he thinks that it is enough to be paying on his capital fund program. In that case agree with him; list him as both a subscriber to the capital fund and also to the annual fund for that year and then wait until he completes his capital payments in the fund program.

The reason for merging these two programs is in the first place to avoid irritating the constituency by more than one request. Some prospects feel that they are being unduly pressed for money when two distinct approaches are made to them in one year.
The second reason is that the prospect associates smallness with the annual fund program and much larger size to the capital funds gift. The result is that when both are run the smaller picture in his mind always prevails and cuts down his giving to the capital fund program.

Finally, it is confusing to some prospects when approached for either one of the two campaigns. They think they have already given to it if they have given to the other.

During the capital fund campaign the public relations and fund-raising staff of the institution should cooperate actively with each other. The reasons for this are, first, that the intensive capital fund campaign is in need of abundant personnel; second, for the local personnel to learn all that it can for the continuation of the program; and, third, the institution's public relations staff will have a great deal of local information to contribute to the success of the campaign.

After the Anderson College development office completed the planning stages for the campaign they began to assemble and organize the manpower necessary to carry out a program of solicitation such as Anderson had adopted. This group is voluntary leaders and workers enlisted to implement the program. Diagram 4 shows the general structure of an organization consisting of 94 persons.
AREA CHAIRMAN

Division Leader

Team Captain

Team Members

Team Captain

Team Members

Team Captain

Team Members

Team Captain

Team Members

Team Captain

Team Members

Division Leader

Team Captain

Team Members

Team Captain

Team Members

Team Captain

Team Members

Division Leader

Team Captain

Team Members

Team Captain

Team Members

Team Captain

Team Members
Personnel: Nothing in the campaign is more important than its personnel. This is especially true of the leadership. This concerns both the preparatory work and the operation of the campaign. Leaders are needed to assemble the necessary organization, obtain the larger gifts, and to create confidence in the campaign by their endorsement. Prospects automatically believe in whatever the respected leaders endorse.

General Chairman: This person is the leader of the whole campaign and should be appointed as soon as possible. He should be a successful businessman with executive ability, preferably on the sales side of business. He should have the respect of the constituency as to his ability and sincerity. He should be well-liked. He should be able financially to contribute somewhere in the larger gift range of $1,000 or more. His immediate job is to enlist a leadership gifts chairman and as many division leaders as needed. He helps to plan, supervise, and coordinate the entire organization and presides at meetings of the campaign committee.

Leadership Gifts Chairman: This person heads up the committee on leadership gifts, the committee responsible for obtaining the subscriptions of larger size, usually those of $1,000 or more. This chairman should be on easy footing with the prospects who will give more than an average subscription. He in turn should assemble a committee of 15 or 20 men of similar standing.
Here the organization follows two separate ways, one for the leadership gift organization and one for the general gift organization.

The former is a simple structure in the normal medium-sized college campaign. The leadership gift chairman assembles a committee of his own financial and reputation stature. This committee becomes the leadership gift organization. Under the leadership of the professional director, it assembles, appraises and solicits the whole leadership gift list.

Where the leadership gift list is too large for the chairman to handle alone, follow as much of the general campaign structure as is necessary to see the prospects. The leadership gift leader can appoint associate leaders corresponding to division leaders in the general campaign. Even under each of them where necessary he can have them appoint group leaders. Incidentally, leadership gift workers do not like to be regimented under the names of division leaders, captains, and workers. It is tactful, therefore, to use other leadership designations.

The other part of the organization is the so-called general part (the smaller gift part). In order to discuss the leadership gift organization, the general organization broke off above after the appointment of the general chairman and just before division leaders and captains were taken up.
Division Leaders and Captains: Under the general chairman there can be as many divisions as needed to see all the prospects. Each requires a division leader. His duty, in turn, is to enlist captains of teams, each of whom signs up four or five members of his team. Each division leader should have the capacity to persuade other men of ability to join up with him as captains in his division. Finally, the captains must have the ability to engage four or five men as workers to solicit at least five prospects each.

Team Members: A worker is a volunteer, who serves as a personal solicitor in the campaign organization. He supplies the manpower needed to solicit the prospects personally. The organization is built for the purpose of getting a sufficient number of workers to see all the prospects. These chairmen, division workers, and captains are merely steps toward that end.

Responsibilities of Team Members: A team member should make his own contribution to the campaign before soliciting others. Workers should solicit each and all prospects promptly, and in the manner suggested by the leadership. He should attend all report meetings, whether he has anything to report or not. His attendance will help his team in the bonus system.

Training of Team Members: Team members must know all important facts about the institution for which they are trying
to raise funds. They must know how to present their informa-
tion so that it will breed confidence in the institution and
will enlist the support of prospects. They must understand
that the solicitation of funds is not begging money—it is
a sales job. They receive this training in the Sales School
or Conference.

The organization can be made to work by

1. Inspirational salesmanship.
2. Keeping workers informed by personal
   interviews, by telephone, and by memos.
3. Keeping organization chart up-to-date.
4. Selecting workers carefully and giving
   them good training in the sales school.
5. Frequent report meetings—to keep the
   organization functioning as a unit.
6. Final Victory Dinner—as a morale
   builder.
7. Competition between groups.

Some directors like to have an organization chairman.
The organization chairman has as his responsibility the build-
ing of the soliciting organization. He signs up the Division
leaders, who in turn will sign up the Captains and they enlist
the team members. He will see that each of these intermediate
workers does his job. The publicity chairman has the responsi-
bility of helping to plan, produce and distribute the publicity.
Of course, all of these chairmen work under the guidance of the director.

**Timing:** The director and the head of the institution should obtain the general chairman and leadership gifts chairman as soon as possible. The division leaders and captains are selected later.

**Method of Selection:** The two leaders—general chairman and leadership gifts chairman—are usually obtained by the president and trustees of the institution. They may be selected also at the consultation dinner, which is attended by top leaders.

**Note for Co-chairmen:** It may be desirable to have co-chairmen for one or two spots, especially if the person originally selected proves unable for any reason to handle the job assigned.

**Internal Publicity:** As the appointments are made, publicize them in the public press and in the news sheet. Also make up a chart of the organization, with empty boxes where the names of the leaders are to be filled in. As assignments are made, fill in the appropriate boxes and call attention to the partly filled-in chart several times as the participants are signed up. This exerts pressure on those responsible to complete their work.

**Committees:** Several committees act as agencies in promoting the campaign. The most important are the general organization
committee, the leadership gift committee, the publicity committee, and the executive committee. Local conditions may require additional committees.

The general organization committee, as its name implies, helps the director build up a volunteer organization for the solicitation of about 90 per cent of the prospect list. This organization is sometimes a large group, usually numbering about one-fifth of the prospects to be seen. For illustration, where a campaign consists of 2,000 prospects, it will require 400 workers. This committee, like all the rest, should have a chairman who can and will take the lead in getting together this organization.

Leadership Gifts Committee: This committee will do the work of cultivating and soliciting the leadership gifts.

Publicity Committee: This committee looks after the development of publicity under the director's supervision and production, and release of the same. It also looks after relations with the newspapers.

Convocation Committee: This committee, as its name implies, has charge of the organization, promotion, and production of the convocation.

Consultation Committee: This committee is made up of the executive committee plus local trustees and leaders of the community who may not be officially connected with the campaign for one reason or another, but whose ability should
be used in determining what the financial objective of the campaign ought to be.

Executive Committee: This is the policy-making and directing committee of the campaign. It is usually made up of the president, business manager and development director of the institution, the heads of each of the other committees and maybe several of the important leaders of the community who for one reason or another are not taking a more active part in the campaign.

Personal Enlistment: The chairman personally enlists the division leaders; they enlist the captains, and these in turn enlist their workers. This method of personal enlistment is helpful in several ways. In the first place it makes a harmoniously working group. In the second place a leader can get more out of people whom he has signed up. In the third place it puts the leader really into the campaign and increases his interest.

Size: The organization should be sufficiently large that no one worker will have to see more than about five prospects. Usually it is wise to build an organization which is larger than actually needed in order to allow for shrinkage.

For instance, if there are 1,500 prospects, you need at least 300 workers, 60 captains, 12 division leaders.
Procedure: The general chairman (or organization chairman, if there is one) appoints his divisional leaders and assembles them in a meeting to select captains. In that meeting he gives each division leader the same list of men known by the institution to be capable of doing the work and asks each leader to select for his captains men from that list known to him. He is not confined to this list, but can name others he thinks can help him. The list is merely to help him think of people and not for the purpose of excluding anyone else whom he would like to use.

One week is allowed for division leaders to get team captains. The captains' names are reported and put on an organization chart.

Then captains are assembled for selection of workers in the same way the captains were selected:

1. Tell what work is to be done by the worker;
2. Emphasize importance of complete organization;
3. Ask each team captain to enlist four or five team workers, depending on the number needed;
4. Distribute enlistment form to be filled out and signed as soon as each worker is enlisted;
5. Make out a new organization chart
with names of division leaders and
team captains--leave blanks for team
workers.

Saying that they are calling or writing at the director's
request, the office staff checks on lax team captains to be sure
all team workers are enlisted by the date set.

Important Part of the Organization:

Enlistment Blanks: Finally all members of the
general organization down through workers, from and including
the captains, formally agree to work in the campaign by signing
an enlistment blank. This blank commits the signer to fill
out his own organization, if he is responsible for one, attend
all meetings, solicit personally all those whose cards he takes
and to make his own subscription immediately upon the beginning
of solicitation. This enlistment blank is a vital help in
keeping an organization at work. It is more difficult, of
course, than just an oral agreement to work in the campaign, and
for that reason it has been falling into disuse. In most cases,
however, where you find poor report meetings, you find that the
director has not had enlistment blanks signed. Somehow or
other, a man will very easily fail to do his duty as a worker
when he has only orally promised to do so; but will seldom
refuse to go through with his commitment when he has signed it.
A necessary part of every campaign is its publicity program and procedure. No fund-raising case, regardless of how well it is put together, can succeed unless it is built on a worthy cause made clear to the prospective donors by publicity. Its purpose is to acquaint the constituency with the needs of the institution and the plans to raise the funds to meet those needs. It seldom ever raises any money by itself, but it does condition the prospect to act favorably when approached by a solicitor. Publicity and personal solicitation work as a complimentary team. The publicity for such a campaign should be intensified by 30 per cent, especially through the newspaper. Personal contact is the prime source of campaign publicity.

The development office of Anderson designed the case brochure that would be used throughout the first three-year campaign and geared it to the need for dormitories to accommodate the expanding enrollment. Since this brochure is the single most important piece of literature in the campaign, the writer feels the following points followed by Anderson's development office should be noted:

1. Purposes:
   a. To tell the constituency the whole story of the need and the plan to satisfy it.

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b. To get attention for the program.
c. To arouse enthusiasm.
d. To develop pride in the institution.
e. To renew interest of alumni and friends.
f. To soften sales resistance for later solicitation.
g. To help get workers in the campaign organization.

2. General Characteristics:
   a. Must be tailored to fit the need of each institution.
   b. Absolutely truthful and sincere.
   c. Show size and scope of project.
   d. Provocative title and cover—so intriguing that prospect opens book.
   e. Good looking but not too expensive looking, generally printed with black ink for text and a colored ink for accents.
      - Good photographs, art work, architectural plans.
      - Good paper, printing, layout, text, with a generous share of white space allowed in the layout.
      - Printed in large type that is easily read.
f. Suitable for that geographical area. Watch for taboos such as cigarettes or card playing in pictures of students, robes on ministers, and similar items, especially if support is to be secured from a church constituency.

3. Special Characteristics for Selling:

  Salesmanship should be the dominant purpose of every page. There must be an opening paragraph that will catch the prospect's attention and make him want to find out what the story is all about.

  It must explain the plan, tell what it will accomplish and why it is justified. It must play up to the importance of the individual prospect in the plan. It must help the prospect come to a decision and make it easy for him to act when the solicitor interviews him.

4. Layout Formula for Leadership Gifts Brochure:

  The title and cover should relate to the campaign but should be so intriguing that the prospect cannot help looking inside. Hardly ever does the name of an institution appear on the cover, since such identification would "give away" some of the suspense the cover is intended to build up.

  Inside cover.—Ordinarily the main copy will not begin until page 3. The inside cover might be used for a series of photographs depicting school life, a good quotation, and a photograph or drawing or a thumbnail history of the school.
Introductory sections.—This should begin by pointing, in an interesting, relevant, and startling fashion, to a problem larger than the school itself—the need for leaders, current challenges to education, or the story of rising enrollments. Make sure that the first paragraph is so interesting that the prospect will want to read further. This section should also get across that strengthening this school will help to meet the problem. This should be done in one, two, or three pages, the briefer the better.

Why the campaign?—This section needs to spell out clearly why the funds are needed—rising enrollments require more classrooms, dormitories, and additional faculty members or rising living costs require more scholarships for students or increased faculty salaries. Spell out clearly what the proposal is, what these funds will accomplish, and why raising the money is important.

Center spread.—Generally, this is used for a map of the campus indicating where new buildings will go, architect's sketches of proposed new buildings or a combination of these. Headlines and a brief block of copy should explain these clearly. Often this is done in color.

How the campaign will proceed.—This section includes a summary of the proposal, endorsement by leaders, copy on leadership gifts and memorial opportunities, five ways to subscribe
(pledges, securities, real estate, corporations and foundations) and the information needed to help a prospect plan his gift (tax deductions, payment period, to whom checks should be payable).

**Inside and back cover.**—The inside cover usually contains lists of the trustees and the development committee, plus the name and address of the school. The school seal often is used in the center of the back cover.

5. **Adapting Leadership Gifts Brochure for General Use:**

Sections usually added for the general brochure include one page on shares, two pages reporting on the convocation, and one page for a sponsor's list. Sections added must be in units of four pages.

Usually this added material fits better at the end of the casebook. To put it there will require moving two pages ahead of the center spread, if the center section is to remain in the center of the book. Such juggling can be accomplished with more ease if it is planned that way from the beginning by the person who writes the casebook.

**Advance notice.**—Often a letter precedes or accompanies the casebook or brochure in order to arouse interest and curiosity. A calling card from the campaign chairman or leadership gifts chairman clipped to the top with a brief note on the card is an effective technique.
Distribution.—The casebook is distributed to all the prospects from whom campaign leaders expect to receive sizable gifts. Often it is taken by the solicitor rather than being mailed.

It is also used early in the campaign as the director is building the organization, to secure leadership.

When it is mailed (to distant or nominal prospects) it is sent in an attractive envelope of the right size. In a local campaign, it is advisable to mail the brochures out on the day of the dinner; to have one at each place at the dinner and to have the solicitors take one on each call as well.

The lists of prospective donors should be prepared at the same time the brochure is being assembled and printed. The making of these lists incorporates several procedures which can be completed relatively easily under the direction of the general chairman and the development director. The procedure Anderson College followed is that of the appraisal method.

An appraisal is the average opinion of a small group about the giving potential (in dollars) of an individual to a campaign. It is their opinion as to what he could give and would like to give if he were thoroughly informed about the cause. It is used only with leadership gift prospects. Others are usually asked to subscribe one "share" without any individual appraisal.
Appraisals should:

Determine the amount which can be raised in the campaign, and in the various parts of it by adding together the individual appraisals. Develop a larger list of prospects—both leadership and general. Often one name on the list will suggest another whose name is not on the list. Show the definite amount to propose to a prospect on inquiry by him when he is solicited.

Give sales conditioning to those prospects doing the appraising. Usually they are, themselves, leadership gift prospects. Provide a peerless sales instrument with which to raise a prospect's sights to what he should give.

Screening.—Before doing any appraising, the prospect list should be screened into at least two parts. One should consist of the names of those who are able to give a larger gift (usually $1,000 or more) and the others of those not able to subscribe that much. This is a time-consuming and tedious job, but a very necessary one. The procedure is as follows:

A committee or group of persons who are familiar with the constituency of the institution or with a great part of it (usually nobody knows all of it) goes over the whole prospect list name by name. They designate each name on the list as being a leadership
gift prospect or a general prospect, as mentioned above. This results in the two required lists.

Where the prospect list is very large (say 1,000 plus) the whole list is at first divided into smaller lists. Each of these is then given to a group to make into two divisions. Usually each group is given names of people whom it is likely to know, such as the local businessmen to a local group, people from a particular area like Chicago to those knowing that area.

Appraisal of Leadership Gift List:—After making the above-mentioned preliminary division, attention should pass to the larger gift list.

The director discusses the problem at a meeting of the appraisal (or estimating) committee in each area. The director distributes lists of leadership gift prospects to members of the committee, asking them to indicate their estimate of what each prospect could and would give, if thoroughly informed and excited about the project. Where possible, each member of the committee is asked to rate his list separately. He is usually given a form on which are the names of the prospects, and a place to indicate the appraisal.

The director then prepares the master appraisal form. At the left of this form are listed the names of all prospects. To the right of the names are placed four columns which are marked: low, high, average, and final appraisal. The director then takes the appraisal lists which he has gathered from the committee
members and enters in the appropriate column on the right side of
the master form the low, high, and average for each name, leaving
the "final appraisal" column blank until a review has been made.
The final review is usually made by the whole committee.

It is important to have the appraisal committee pass on every
name in the constituency which can be classed as that of a leadership gift prospect.

After all leadership gift prospects have been divided into
geographical areas, the appraisals for the prospects in a particular
area should be reviewed with some friendly leaders in that area,
preferably by other leadership gift prospects.

In addition to the appraisal committee, checking appraisals
can sometimes be done by bankers or other financial sources in a
community.

Sales help.—An appraisal is a convincing and ready answer
to a prospect when he inquires how much he should give. Almost
every leadership gift prospect is concerned with this question.
He wants to do his share, but not more than his share.

He doesn't know what his share is and he has no way of working
it out by himself. He needs help. The only ones who can help him
are those who are conducting the campaign. They can help because
they are "on the inside" and have knowledge of all the factors
determining each one's share.
But despite the fact that he needs their help, it takes careful handling to get the information to him. In other words, to tell him his share. If he is told too bluntly, or forcibly, or in any way suggesting dictation, he resents it. He very quickly then says that he does not want anyone to tell him what to give—he will decide for himself.

One could suggest to him, however, that the campaign has prepared a suggestion for prospects in this matter, if the prospect wishes such help. Tell him then about the appraisal. Say an estimate has been made by the friends of every prospect in the campaign as to how much he could give and would probably like to give if he were fully informed about it.

At that point the prospect will almost always ask you what he came out at. And because he has asked for it, he does not resent it when you tell him.

In this way the appraisal story is a sales asset and in the opinion of a great many fund-raisers, the greatest of sales assets.

Leadership gifts (sometimes called special gifts and sometimes advanced gifts) are those of larger amounts, usually $1,000 or more. (Sometimes the minimum is reduced to $500).

It is wise to think of these gifts in two classes. One, very few top subscribers (usually from three to ten) will contribute about 50 percent of the objective. A much larger number
of leadership givers, (usually about 10% of the total number of all givers) account for another 30%. Together (80%) they are obviously most important.

These gifts help to inspire confidence that the fund can be raised; attract other large gifts by creating a desire to match them; and raise the low sights of many prospects.

Timing.—This program always precedes the solicitation for general gifts. In some cases it runs into the general solicitation but only because its prospects could not be closed before.

The reason for this earlier procedure is to get the leadership gift prospects thinking in larger terms. If this program is carried on at the same time as the general solicitation, which has to do with small gifts, the latter will bring down the thinking of the larger prospects to the smaller amount. Therefore, every effort should be made to get into the minds of the leadership gift prospect the reason for leadership gifts and the fact that he is among those who have been considered as probably wishing to make the larger gift when he understands the reason for it. Incidentally, once you get that in his mind it makes no difference whether you close him before the beginning of the general campaign or not.

Leadership gift program entirely separate.—This program may be carried on either entirely separate from the general solicitation or immediately before it, almost as the first part of a continuous program. The first or separate method is used where there
is a large number of leadership gift prospects whom it will take a large organization and a long time to solicit. For instance, where one has more than 500 such prospects, it would require an organization of 125 to 150 workers and a period of probably several months to make all the contacts. In order to avoid gearing these up with the general campaign, the leadership gift program is carried on by itself, totally disconnected time-wise from the general campaign. In a national program this activity may be carried on in one area while the general campaign is being carried on in another. The same type of organization is used as in the general solicitation.

Leadership Gift Campaign connected with but before the General Campaign—This second method is to have the leadership gift program started about two or three weeks immediately preceding the general solicitation. In such a case the list is smaller and there is usually very little extensive organization necessary. Usually the chairman of the leadership gifts committee takes charge of the whole matter and acts really as a captain for all of the workers who are on his committee. He follows up with reports and other details just as does the captain of a team in the general organization. In this sort of a set-up, too, the general campaign chairman is usually of great help to the leadership gifts chairman, as is also the professional director on the job. Almost always, when the two or three weeks period for leadership gifts expires
there are some prospects who have been seen but have not yet made a decision. This continues the leadership gift program right along with the general program.

Once all of the screening had been accomplished and the two divisions of prospects—leadership and general—had been established, Anderson College hosted a dinner meeting for all division leaders, captains and workers. At this meeting each volunteer was given his packet of report envelopes, instructions, pledge cards, and a copy of the fund campaign brochure. The campaign director announced that the brochure had been mailed that afternoon to everyone on the master prospect list. He urged those present to wait at least 24 hours before calling on the prospect.

The director then briefly called to the attention of all present the seven deadly sins of fund-raising and urged the workers to avoid them. Those mentioned were:

1. **Ad-libbing.**—No study, no planning, no preparation, no consultation, no concurrence, and hence no organized and unified agreement.

2. **Panhandling.**—Asking for support merely because you need the money. No explanation; hence no motivation for thoughtful and proportionate giving. ("Any amount will be welcome" cheapens the cause and beggars the giver by putting fund-raising ahead of the program.)
3. **Automation**.—Human equation gives way to mechanics, with role of voluntary mission abdicated to the postman and the publicist.

4. **Groupism**.—Opposite of universality—undemocratic, divisive, and sterile.

5. **Averaging**.—Accent on averages leads to lower standards—in leadership, volunteer participation, and levels of giving.

6. **Pessimism**.—Only genuine emergencies can make fund-raising assets out of gloom and despair. More often than not we aim too low and plead rather than challenge. (Whenever you let them know it isn't going too well, the chances are that everything will stop right there.)

7. **Parsimony**.—The good omelet needs enough broken eggs. More often than not, fund-raising costs are set too low.

After the instruction portion of the meeting was completed, the team members moved to the rear of the banquet hall and selected five pledge cards from large card racks. The cards were arranged in alphabetical order and contained the name and address of the prospect. Attached to the pledge card was the appraisal card bearing the amount the screening committee felt the prospect could give to the campaign if he were sincerely interested in the project. The workers then signed their name on each stub of the pledge card and returned them to the director of development for his record. This practice assured that everyone whose name
appeared on a pledge card had been sent a brochure, that the 
office knew what solicitor had his card, and that only one 
person would call on the prospect.

The exact procedure was carried out in both the leadership 
gifts division and the general gifts division.

C. Techniques for Securing 
Known Money

For a private liberal arts institution like Anderson College 
there are three known sources of probable gifts: alumni, church, 
and friends or past donors of record.

One of the divisions in the campaign was designated as alumni 
and friends (past donors of record) and one division was desig­
nated as church.

In the alumni division, each captain represented a geographical 
area of the alumni. The captains developed smaller campaigns 
among the alumni in their area patterned after the campaign 
structure itself. Everything was done in these isolated campaigns 
as was done in the main campaign except on a smaller scale and 
were held under the name, Alumni and Friends of Anderson College.

The alumni captains urged the alumni to give to the campaign 
in one of the following ways:

1. Cash - donor has a contribution deduction for the 
   amount of the gift.
2. Property which is above the donor's tax cost: Donor has a contribution deduction for the current value of the property at the time of the gift. He pays no capital gains tax on the excess over his tax cost.

3. Property sold to the college at a bargain price: Donor has a contribution deduction for the difference between the sales price and the higher current value.

4. Rental property: Donated to the college with the donor receiving the income from the property for his life. Donor gets a contribution deduction for the value of his life ownership of the property.

5. Funds given to a college in exchange for which the donor is paid a fixed annual income for his life (annuity): Donor has a contribution deduction for the excess over the cost of a commercial annuity paying similar amounts. Capital gains tax is deferred when appreciated property is transferred for the annuity.

6. Funds given to a college in exchange for which the donor will receive annually for life a percentage return on the funds equal to the percentage earned by the college's endowment fund (life income contract): Donor gets a deduction for the funds transferred reduced by the value of the life income as determined by Treasury tables. Donor avoids capital gains tax when appreciated property is transferred for the life income contract.

7. Funds transferred to a trust, the income of which goes to the college for at least two years after which the trust's funds revert to the donor (short-term charity trust): Donor avoids income tax on trust earnings. Where trust fund reverts to another donor has a contribution deduction for value of income to the college as determined by Treasury tables.

8. Funds transferred to a trust the income of which goes to the donor for his life after which trust funds revert to the college (charity remainder trust): Donor has a deduction for the trust funds reduced by the value of the trust funds reverting to the college upon his death as determined by
Treasury tables. He pays no capital gains tax on the transfer of appreciated property to the trust except when trustee is required to purchase tax exempt bonds.

9. Donor names college irrevocable beneficiary and gives to the college an insurance policy on his life; Donor has a contribution deduction for the value of the policy at the time of the gift. Thereafter he deducts annually any subsequent premiums he pays.

10. Donor in his Will gives property to the college outright or retains an interest in it for his family as described above; The estate tax is reduced by the value of the property given to the college as determined in Treasury tables.

11. A memorial gift named in honor of someone:

The division leader of the church approached his task from a slightly different angle. Since Anderson College received no annual gift from the denomination, the appeal had to be made to the members of the interested churches. This group was made up of area Baptist Churches, those on record as past donors, and those churches from which students had come.

The captains for the church division were the pastors of the larger churches while the workers were volunteers from those churches. The division leader was a well known denominational leader -- in Anderson's case he was the chairman of the Ohio Christian Education Department. He, along with the director of development, devised a three week church wide campaign for Anderson College. The structure of this campaign was as follows: 104

104 Guidebook of Fund Raising and Church Budget Promotion, Nashville, Southern Baptist Convention, 1958, p. 13.
I. First Week

A. Sunday: Space given in the bulletin concerning the advantages of a Christian College like Anderson College.

B. Wednesday: Letter from the pastor concerning the needs of Anderson College accompanied by a promotion piece about the Anderson College and its program.

C. Friday: Mailing of the prepared funds campaign brochure.

II. Second Week

A. Sunday: Pastor preached sermon on stewardship and dedication to Christian education.

B. Tuesday: Meeting of volunteers to solicit gifts. Church role is screened for potential large gifts.

C. Thursday: Instructional dinner meeting held for solicitors.

III. Third Week

A. Sunday: Youth service conducted by a gospel team from Anderson College consisting of preaching, testimonies, and special music.

B. Monday: Soliciting of funds begin.

C. Saturday: Mail campaign sent out for all members not reached personally.

In some cases the church campaign lasts four weeks if the pastor agrees to continue guiding the volunteer workers. In many instances, the ministers find that a campaign such as suggested here has helped the members become more educated to the idea of
giving, and thus the annual giving level of the congregation raised considerably in their own churches.

D. Techniques in Securing Possible Money

The fund campaign instituted by Anderson College included the possibility of securing gifts from foundations and corporations. The two selling points extended to these potential sources of finances were the progress made toward full membership in North Central Association and the teacher training emphasis of Anderson's educational program.

The director of the campaign pointed out to the college officials that millions of dollars in aid to education lie fallow each year because educators do not know where they are or how to apply for them.105

The first step in securing funds from a large foundation or corporation is reconnaissance. A college seeking funds should know as much as possible about the donor it plans to approach. It is also helpful to know the kind and size of grants the prospective donor has made in the past. Many corporations do not publish this information; however, all foundations and corporations, including those associated with business firms, must file Form 990-A with the Internal Revenue Service each year. All one has to do to find their record of giving is inquire at the office of Internal Revenue for assistance.106

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106 Ibid.
A grant is very seldom rewarded on the basis of personalities. It is extremely important that the development director devote great care in his development of the college's proposal for funds. This area of fund-raising requires a certain knowledge and "savoir faire" which is not beyond the abilities of small colleges.\[107\]

The information presented to the prospective foundation or corporation should be organized in a logical manner and be concise. It would be well to summarize the proposal in one or two pages if possible. The following procedure was initiated by the development office of Anderson College as guidelines for filing an application with a foundation or large corporation:

1. Name of project
2. Organization sponsoring or proposing project
   
   (a) Is organization tax exempt under Federal and State Revenue Acts?
3. Address
4. Name of Director responsible for organization and its proposed project
5. Field of operation (i.e., Public Health, Physical Medicine, Recreation, Education, Case Work, etc., etc.)
6. Purpose of project -- i.e., Why the project?

7. Historical background of problem to which project is directed

8. Plan of development of project

9. How results are to be tested and proved

10. What does proposer of project expect to be outcome or results of the project?

11. What will be the value of these expected results?

12. How and by whom will the expected results be used?

13. What will the expected results lead to? i.e., in the way of new methods, changes in practice, new services, lengthening of life, etc., etc?

14. Is the proposal diplomatically expedient? i.e., will it be likely to arouse antagonisms, controversies or create "splits" and schisms?

15. Information on the personnel involved in the project.
   a. Who are they and what are their qualifications?
   b. Have they done this kind of work or similar kinds of work before?
   c. Are they replaceable? If so, to what extent?
   d. What is the history of their ability to cooperate and work together as a team?
   e. Who will serve as consultants to the staff and project? (1) Qualifications?

16. What is the time budget? i.e., At what times and stages can certain results be expected and when will final project be completed?

17. Complete financial budget

18. What provisions or plans have been made for publishing results of project?
19. Plan for progress reports to the Foundation. (Usually the Foundation requires 6 months' reports. However, certain types of projects might best lend themselves to less frequent progress reports.)

20. Are other foundations or sources of funds financially involved in this project?

Report meetings for each segment of the funds campaign -- leadership and general -- are held each week until the victory goal is achieved or until there is a definite slack-up in the personal solicitations. When this happens all of the pledge cards where there has not been a visit made are called into the campaign office for re-evaluation and possible re-assignment. The only cards not turned in are those where the initial visit has been made and there is a good possibility that a gift will be realized by the solicitor in the near future.

Once all the cards are returned the college should begin a mail campaign. The following is a description of such a program Anderson College will undoubtedly engage in after the funds campaign has run its course.

The purpose of the mail campaign is to cover all the constituency which has not subscribed in the personal interview campaign.

It is important that every person everywhere who has not subscribed in the personal interview campaign be treated to the mail campaign regardless of whether he was approached or not. The classes of those to be covered are as follows:
1. Those who have been approached in the personal interview campaign and who have not subscribed, even though they definitely refused to subscribe.

2. Those who were in too distant places to reach in the personal interview campaign.

3. Those who live in areas where very few other constituents live.

If any of the above classes are of the leadership type, they should not be trusted to the mail campaign but should be seen personally even if it requires unusual travel and expense to see them.

The mail campaign consists usually of three letters or sometimes four. The pattern of those letters should be as follows:

1. The first letter should give a complete description of the need of the campaign and of the function of the mail campaign in the program. It should end with a request for a subscription and should include a subscription card. It should also either include a copy of the casebook or should state that a casebook has been sent under separate cover if it is too large to send with the letter. It should also include a stamped envelope (not a postage due envelope). It is very important that this be a return envelope with an actual stamp on it because this has a psychological compulsion to it that no other return form has.
2. The second letter should be merely a reminder like this:

"On July 1, 1968, we sent you an important communication with a stamped envelope for reply, concerning a campaign for (chemical laboratory, scholarship endowment or whatever it is). Up to the present time we have not heard from you. For fear our letter went astray we are sending you a carbon copy of it because it is very important both to you and us that we get a reply. Won't you please let us have one at your earliest convenience.

Yours sincerely,
James Smith, Chairman"

This and every letter should be sent to everybody who has not answered the preceding letter. It is very important not to make this second letter any longer than the above sample. Do not put in any further information about the campaign or any further request for funds. Let the carbon copy speak for itself. It says to the prospect that "The letter they sent me 10 days ago must have been important or they would not have sent me a carbon, so I think I had better take care of it promptly." The first letter will not receive many replies but this second one will produce a great many.

3. The third letter (about 10 days after the second letter) should remind the prospect of what the
campaign is all about. It should also give him any encouraging results obtained from the first two letters (especially if they are favorable) such as the important subscriptions and the amounts subscribed, but mentioning no names.

4. Sometimes a fourth letter is sent out, asking for a reply and if possible mentioning some date — like the completion of the campaign or the date for the publication of the news sheet giving a list of all subscribers. Experience has shown that very little can be expected from the fourth letter.

5. All of these letters should be signed by the same person. Don't make the mistake of having the Chairman of the campaign sign the first one and the President of the College sign the second one, and so forth. But sign them all by the same person, preferably the general chairman of the campaign.

6. None of the letters should be sent out until the very end of the campaign. The reason for this is that the mail technique is very much weaker than the personal interview procedure. Do not use it until you have completely exhausted the personal interview approach. Do not send the letter ahead of time even to prospects whom you know you are not going to approach by personal interview. The reason for this is that the addressee
may communicate with another prospect who is
going to get the personal interview treatment
but who will answer by mail before he gets it.
And his subscription will always be smaller.
CHAPTER VII

SUMMARY

It seems to the writer that no one would question the fact that long-range planning is essential for sound administration of an institution of higher education. However, to raise this question of whether such planning goes on in an optimal way is not unduly cynical. Past history has shown that all too often, colleges have only employed one, or at the most two kinds of planning: the long-range but inexact gross planning of institutions or the annual budgeting process (referred to in this dissertation as the line-type budget), which involves detailed and exact planning. Other kinds of planning may have been carried on spasmodically, as some forward-looking department chairman anticipated their future needs at budget time, but such plans frequently existed only in the person's mind. These plans were usually very vague, quite selective, and seldom, if ever, the idea communicated in specific details to the academic dean or president. Rarely has anyone found in written form, for every level, the kind of detailed planning offered in this dissertation. Such particulars, as cited herein, can enable college decision-makers to see at a glance what must be done step by step if the

108 Dilley, loc. cit., p. 474.
small private liberal arts colleges are to achieve their goals and survive.

There are several basic trends in modern culture, rooted outside the institutions of higher learning themselves, which are affecting private higher education, liberal arts education, and the church-related institutions, such as Anderson College, the model college used throughout this dissertation.\(^\text{109}\) The first trend is the rapid expansion of American higher education as a whole. "College enrollments are expected to double in the next ten years."\(^\text{110}\) This tremendous growth presents the possibility of significant, perhaps even crucial roles for private institutions. To meet this challenge the small college will have to plan more completely, and for a longer expanse of time than ever before.

The second trend that is creating an increasing demand on the liberal arts college and its graduates is the expansion of the American economy. While private higher education has enjoyed a marked increase in support since the 1930's and has successfully cultivated business and industry as a new source of funds, it has not kept pace with the expansion of support received by public higher education.\(^\text{111}\) A master plan of finance similar to that


\(^{110}\) \textit{ibid.}

\(^{111}\) \textit{ibid.}, p. 7.
The third important trend is the progressive secularization of Western culture and the decline in the effectiveness of the church. This trend is especially important because most of the private colleges in the United States are either church related or church affiliated. The world at large and the academic world in particular is strongly secular, hence the church institutions are placed in a defensive position.

The last trend seriously affecting the private college is the deterioration of the position of liberal arts education in the United States during the last century. This trend has come about due to the heavy emphasis placed on technology by business and industry. This calls for a specialized curriculum which most small private liberal arts colleges are unable to offer. It seems to this writer that the structuring of a ten-year projected program would enable a small college to compete in the educational market by building a long-range program on carefully made assumptions for the future and detailed data from past history.

To be sure, the changes seen during the last one hundred years in higher education have not all conspired against liberal arts education in a small college setting. Even though technological curricula have multiplied, they have tended, as they have matured, to become broader and to include liberal arts
studies for students in the more technical fields. Also, educational research shows that the nineteenth century philosophical underpinnings of graduate education are increasingly being scrutinized and criticized, and the limitations of narrowly technical scholarships are more widely recognized. Because of these movements, notable programs of liberal arts education have been initiated during this period and many such programs are found in the small private colleges. 112

With these basic points in mind, the writer feels it necessary to offer some recommendations to small private liberal arts colleges along with suggestions for adopting the projected program budget and master plan of finance.

A. Recommendations to Small Private Liberal Arts Colleges

From the many suggestions which might be drawn from the projected program described in this dissertation, the writer has selected several which will be of significant importance for the execution of such an undertaking as the ten-year projected educational program worked out through the example college. These following recommendations have been drawn from the basic suggestions of Pattillo and MacKenzie for church related colleges and adapted to the private colleges under consideration. 113

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112 ibid., p. 10.

113 ibid., pp. 51-65.
In order to make the most of its assets and to overcome its weaknesses, the small private liberal arts colleges, need to take a more experimental approach to their work. Most small private colleges are not taking full advantage of this opportunity even though they have more freedom to experiment than do the public institutions. They should strive for distinctive programs which will point the way for improved educational theory and practice. Some of the most valuable experiments in higher education have been conducted in small private liberal arts colleges. As the colleges plan wisely they will find that along with experimentation and distinctiveness comes more productive service and an indisputable reputation in education.

With the complexity of administrative responsibilities of today, there is a definite need for a new, more flexible concept of college administration. This calls for a group leadership pattern such as the writer is suggesting for the development of the projected program budget. Here the president is more than a head master -- he is a leader of a group of college officials possessing the responsibility of planning, programming, and budgeting the total program of a college. This suggestion is a more flexible approach to the problems of a whole organization revolving around one person. If the organization suggested is adopted it proposes to give more responsibility to groups of administrators with complementary personalities and capabilities.
The initiation of the educational program of a decade projection will help solve another crucial problem for America's small colleges -- that of efficient operation. The recent experience of numerous small colleges has shown that the financial status could be markedly improved through more efficient operation. One important area of the educational program to consider is that of reducing the number of classes, adding more required courses, and limiting the small classes of ten or less students. This step would strengthen the curricula as well as the level of teaching.

This action could not be incorporated easily into the projected educational program because of the nature of a liberal arts college, but it deserves consideration.

Another recommendation for the small private liberal arts college is that of the cooperation among similar institutions. This is the consortium idea that represents an attempt to merge facilities, faculties and ideas. Some project areas for consideration are: Computer services, faculty exchange and faculty meetings and seminars, student exchange, compatibility of academic calendars, research on students, exchange of cultural programs and of general speakers and lecturers, improvement of teacher education, development of a learning resource center, transfer of student credits at the upper division and graduate levels, and international studies and programs. All of these could be planned well in advance and be included in the suggested ten-year program.
The small private liberal arts college can make its greatest contribution to American higher education by giving priority to sound teaching. Private colleges are in an excellent position to offer effective educational and personal counseling as well. The projected educational program is the ideal instrument for implementing such a teaching and counseling offering.

Another important recommendation for the private college to consider is the placing of emphasis on the humanities and public affairs. These are areas of the educational program which tend to be neglected. The aim of the program suggested by the writer would be to prepare students for fuller participation in the responsibilities of intelligent citizenship. The nation could be better served if more small private college graduates assumed active roles in politics and other forms of public service. If this program was properly administered, it could contribute tremendously to the revitalization of teaching in the social sciences and the humanities.

The recommended projected program budget and master plan of finance is not only an instrument for accomplishing the foregoing objectives, but it is also recommended as a neutral medium of analysis. It doesn't advocate anything as such. It is not for or against such things as: teaching by television, large classes, small classes, independent study, the tri-semester plan, or the quarter system. It is neutral. It is simply designed to bring

114 Tickton, op. cit., p. 13.
together what works best for the given institution and then help implement the desired program. Everyone in higher education knows about a budget, realizes its necessity, and every college has a budget, who then could be against it?

The application of projected program methods should not preclude the use of most existing university organizational structures. Programming should be oriented around major colleges and core departments which produce teaching, research, and community services.\(^{115}\)

The resources used by a college and the college output in teaching, research, and public services should also be related in a meaningful way to the college administrators.

According to Williams, "The annual budgets should be derived in the context of an extended-year program, which in turn should be developed and evolved within the context of a university-wide, long-range plan."\(^{116}\)

Once the program budget is in operation the college officials should design procedures for appraising each element in the planning and programming process periodically. This practice should be in addition to the initial procedures for planning, programming, and budgeting. This is a very important check and balance for the operating of so intricate a program for a decade of projection.

\(^{115}\)Williams, op. cit., p. 64.

\(^{116}\)Ibid.
An important recommendation for a college to consider when initiating a projected program budget is to have the necessary trained staff available to study the major programs, in operation, and to continually appraise their contribution to the educational program as a whole.

College officials should be cognizant of the fact that, there are likely to be various activities occurring in the college that are considerably difficult to aggregate into major programs or even to allocate to defined program elements. Such activities as these should not be allocated to particular elements, but remain in their present accounting data format.\(^{117}\)

It must be stressed at this point that no programming system is likely to fit all college situations especially in the early stages of its application. Williams insists that:

"In the initial experiments and applications of program budgets, a great deal of flexibility in the structuring of those systems will undoubtedly be necessary. College officials should also keep in mind that the conception, design, and implementation of a projected program budget should evolve slowly enough to enable the college to transfer gradually to a more decision-oriented program without undergoing sudden organizational changes."\(^{118}\)

If this procedure is carefully followed and adhered to, the college will be able to make the transition easily and thus minimize the potential difficulties in introducing the program.

\(^{117}\) Ibid., p. 65.

\(^{118}\) Ibid.
B. Adaptability of the Projected Program Budget

The projected program budget described in this dissertation can be adapted to any small private liberal arts college with a minimum of effort. The major responsibility for inaugurating such a program falls on the president of the institution. He must be alert to the needs and potential of his college, faculty, and students. He must also be aware of the national trends in higher education. With this knowledge he can explain to the board of trustees how a projected program budget could facilitate greater cooperation within the institution, as well as with other similar institutions, and reduce the possibility of program proliferation and overlapping. Once the trustees realized that, with the future course of the college "locked-in" for a ten-year period, along with the described amount of flexibility, they would be better able to expend the marginal resources with more intelligence.

The president could further adapt the program budget to his college setting by drawing around him a group of knowledgeable educators who can aid him in realistic planning, programming, and budgeting. He would have to be the leader in all phases of projected planning. If the president isn't willing to run his institution by the method of a "shared administrative policy" the program budget will become a stumbling block rather than a workable instrument for the future of the college.

Two of the most important areas of information a college administration needs to be cognizant of, if a quality program and
future goals are achieved, are measuring results and relating output to input. The projected program budget is designed in such a manner as to be adaptable to any small college program and assures, if carried out as described herein, the specific information suggested above. The budget program has a built-in mechanism for automatically relating expenditures to results, area to area, and department to department. Thus, this procedure would force the officials' attention to the measuring of institutional results. Few colleges, large or small can survive without knowing what they produce, but most small colleges have only a scattered and vague knowledge of the kind of product which emerges from them. Very few small colleges are making use of the means which exist to measure the quality of their program because they have a tendency to measure everything in dollars and cents.

The relation of outputs to inputs can be seen readily in the program budget while the conventional, or line-type budget used by most small colleges make the measurement of effectiveness difficult. In the conventional budgets the expense items are usually categorized by type of expense and are scattered throughout the budget. They do not provide, as the program budget does, a place where the data is all assembled making unit costs visible.

The projected program budget is adopted by some small colleges because it ties together so many isolated areas of the college budget. This feature, in itself, causes presidents and business managers to work for its adoption. Properly administered
this program involves such features as detailed planning for every area of the college as well as a whole; planning in written form so it can be discussed and reviewed by all concerned; planning in time-perspective so that the future can be projected step-by-step; and planning in such form as to make visible the accomplishments of the institution in relation to its expenditure of resources.\textsuperscript{119}

Adaptability of the projected program comes easiest perhaps, by way of the faculty. Tickton insists that the faculty will accept it more readily than the traditional line-type budget -- especially if they work closely with the planning from the beginning. This is true, he says, because the long-term budget can become a powerful persuader to a reconsideration of old policy decisions with respect to curriculum, academic calendar, etc., because it emphasizes more evidently the consequences of continuing to do business as usual.\textsuperscript{120}

The operation of a college today, regardless of size, is big business. Since most college trustees are business men who are continually planning for the future, they are usually quick to accept the thesis of the projected program budget. These men live in a world of long-term projections and realize their importance both to business and the college. The experience and suggestions

\textsuperscript{119}Dilley, \textit{op. cit.}, p. 475.

\textsuperscript{120}Tickton, \textit{op. cit.}, p. 14.
of the trustees help the president and business manager to adapt
the project program budget to their institution. According to
Tickton the adoption of the projected program budget must be a
cooperative venture involving the trustees, president, business
manager, deans, and faculty members. It will focus attention on
what Tickton calls "hot" questions but in a neutral atmosphere
where no one feels threatened. For example, answers will be
needed to such questions as:121

1. How large is the college going to be?
2. How much is the faculty going to be paid next
   year, the year after, and each year for the
   next ten years?
3. How much is it going to cost to run the plant?
4. How much is going to be spent for student
   services, development, campus activities
   athletics, and the like.
5. How much should be set aside for scholarships?
6. How many new buildings are to be built?
7. How many faculty members are actually needed?
8. And then finally, where is the money coming
    from? Which classes of donors can reasonably
    be expected to make increased contributions?
    And how much can be expected from tuition in-

121 Ibid., p. 15.
creases and from other sources under the control of the college?

Another point which makes the projected program budget adaptable to any small college is that it allows for frequent examination by the college officials and the board of trustees. The long-range budget can be followed by a series of regularly scheduled progress reports. These will make available the main figures for one year and compare them with the accomplishments of the current year along with revised plans proposed for subsequent years. Reports of this nature are attached to the annual budget report as an appendix. 122

The projected program budget is more easily adaptable to the small private liberal arts college today than ever before due to the struggle for finances. The Federal Government, foundations, corporations, and other prospective donors require more specific information and evidence of sound efficiency from an educational institution before they will give to its appeals. The competition for tax dollars and donor dollars is growing, and even though the amounts of these resources are increasing at dramatic rates, demands for better use of the resources are also growing. 123 Most of the small colleges seeking such funds have been keeping their financial data up to date along with some phase of long-range

122Ibid., p. 40.
123Dilley, loc. cit.
goals and projections. With this kind of practice becoming more and more common among small colleges the probability of projected program budget programs seems more realistic. All that many small colleges would have to do to incorporate the projected program budget would be to just define the institutional goals, gather past historical fiscal facts and figures and apply them to the suggested format.

Most small colleges have an established form of budget procedures. They have worked well up to a point, but now with the enrollment expansions, increased demands for readily available information, intricacy of Federal Government forms, etc., these colleges are finding that they must re-organize, add to, or delete from, their present budgetary methods. When this procedure begins to take place, the president and business manager become educated to the fact that a full four-year liberal arts college cannot operate effectively or efficiently by using out dated and inadequate budgetary methods. It was due to these conditions that the program budget was developed. The existing conditions of aspirations and bewilderments prove to be a ripe media for the acceptance of the proposed budget method. The adaptability is relatively easy as already seen, but convincing some of the college officials, who are steeped in custom and tradition, of the potential of the projected budget is quite a different story. If these administrators could only realize the program budget, herein described, would guide them in gathering
the valid information which is essential for making good decisions and help them to build specific projections for the future of their college, perhaps they would investigate its adaptability. Most institutions are engaged in some form of long-range planning, using a multiplicity of old and new techniques. The writer feels that, regardless of the techniques being used by the majority of small colleges, they fail to present a sound foundation upon which to base future projections nor do they provide a clear, adequate, or realistic picture of the present situation. This is one of the great strengths of the program budget — it yields a true picture of the present educational situation, both in dollars and programs.

Dilley cites several advantages to the program budgeting procedure that show why the adoption of such a program is advisable in a small college setting. He points to the formulation of objectives in precise terms as having a number of desirable results. It focuses the attention of the program director on what they are trying to accomplish with their resources. It also helps to re-organize administrative structures if necessary. He further points to the fact that normal budgeting procedures make examination and evaluation of particular programs, which are difficult because the budget groupings do not allow for an examination by specific programs. The program budget, on the other hand, presents the decision-makers with the kind of information
they need to distribute their resources selectively rather than merely haphazardly.\(^{124}\) The president is in a position, because of the program budget's structure, to locate more quickly the programs which are malfunctioning and need to be re-examined, restructured, increased or decreased in support. He is also able to locate the more highly productive programs within the college.

One of the most difficult problems encountered by the small private liberal arts college is that of keeping means properly subordinated to the ends. When this happens service activities sometimes have a tendency to, as Dilley puts it, "wag the dog".\(^{125}\)

It must be understood that the program budget procedure only provides the basis for making decisions, it does not accomplish the deciding in itself. Gathering of important data and making tentative projections are of considerable assistance, but this process is no substitute for wise judgment.

The success of such a budget program depends largely upon a widely shared acceptance by all concerned that, sound judgment must be exercised at all times. If the college officials depend on formulae for decision-making and abandon their responsibilities of deliberation and dialogue, the whole undertaking will be in jeopardy.

\(^{124}\)ibid., p. 481.

\(^{125}\)ibid., p. 484.
Conventional budgeting, program budgeting, simulation models, or any other budgeting systems that have been developed by businessmen or educators, are only management tools and not a solution to all budgetary problems. It is a planning document, not a fixed, unchangeable blueprint. The colleges, mostly the larger ones or universities, which have used the projected program budget changed the figures every few months as new decisions were made, old decisions revised, and when new data became available.

For some college officials the development of a long-range projected program budget has been an interesting experiment and a soul-searching exercise. Whatever the response, this type of program focuses attention on the consequences of continuing business as usual on college campuses and on what must be done today in order to continue to be an effective educational institution now, next year, and a decade in the future.\(^{126}\)

The writer feels that the guidelines suggested in this dissertation for a ten-year master plan of finance would give the private institution the proper financial perspective to grow and maintain a first-class educational program. These guidelines would help a college administrator see the impact of one financial decision on the college as a whole. As the long-range financial goals and projects move closer, the college officials would

\(^{126}\)Tickton, op. cit., p. 16.
perhaps have to re-assess, re-adjust, and re-evaluate their plans while continuing to keep the guideposts of the decade ahead in vision.

Thus, it is the writer's opinion that, this study is a positive contribution to higher education and will be welcomed by most small college administrations since it is a study that touches every facet of college planning, programming, and finance as well as all future expectations.
APPENDIX

The data for the structuring of the model college were compiled from two survey instruments sent to the 80 member colleges of the Council for the Advancement of Small Colleges. Sixty-two colleges returned survey instrument "A" (77.5%) while fifty-two colleges returned survey instrument "B" (65%).

The responding institutions provided the writer a varied cross-section of the nation's small private liberal arts colleges. Ninety-six per cent are affiliated with a specific church denomination. The enrollment span of the responding colleges is from nearly 550 to 2000 full and part-time students. Ninety-two per cent of these colleges offer the Bachelor of Arts degree, eighty-four per cent offer the Bachelor of Science degree, and five per cent offer the Associate in Arts degree.

The following are examples of the survey instruments used in this study. Instrument "A" was sent to the presidents of the small colleges for the purpose of gaining their assumptions and projections for the nation as a whole and their own specific colleges. The results of the survey are indicated on the questionnaire. Survey instrument "B" was sent to the college's business managers in order to gather the data necessary to structure the model college. This data, along with research materials and personal interviews, served as the basis for the projections of the study.
SURVEY INSTRUMENT "A"
(President)

1. ASSUMPTIONS FOR THE UNITED STATES AS A WHOLE: (1968-80)

(Please circle your opinion and add any comment you feel is pertinent)

A. The United States will be blessed with a high-employment economy without a war or other national disaster.

Yes No

Comment: (75% indicated yes)

B. Prices will probably increase during the next decade on a yearly average of:

1% 1½% 2% 2½%

Comment: (60% of the presidents indicated an increase more than 3%)

C. The number of students seeking admission to small private liberal arts colleges will probably double within the next decade.

Yes No

Comment: (70% indicated yes)

D. Faculty salaries will probably double within the next decade in small colleges.

Yes No

Comment: (60% indicated yes)
E. There will be an over-all shortage of qualified (Ph.D) teachers during the next decade.

Yes  No  

Comment: (73\% indicated yes - shortage indicated to be nearly 20\%) _________________________________________

II. ASSUMPTIONS FOR THE FUTURE OF YOUR PARTICULAR COLLEGE

(Please mark the following items as necessary and add any comments you feel pertinent)

A. The purposes and objectives of this college will remain unchanged throughout the next decade.

Yes  No

Comment: (75\% indicated yes) _________________________________________

B. Teaching methods in this college will remain essentially unchanged.

Yes  No

Comment: (80\% indicated no) _________________________________________

C. The College calendar will remain essentially unchanged. (dates, events, etc.)

Yes  No

Comment: (55\% indicated no) _________________________________________
D. Services to students will remain essentially unchanged. (student personnel)

Yes No

Comment: (85% indicated no)

E. The college will continue to be essentially residential in character.

Yes No

Comment: (93% indicated yes)

F. An expansion of the present living quarters is planned within the next decade.

Yes No Student accommodations

Comment: (98% indicated yes)

G. Enrollment is expected to grow as follows:

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(70% indicated an increase of 50% or more)

H. Faculty salaries are expected to increase over the next decade.

Yes No ___% increase by 1980

(96% indicated yes)

I. Fringe benefits for the faculty will increase from 12% of present salaries to 25% of salaries in 1980.
J. There will be an increase in staff over the next decade. If "yes", how many

Yes    No    Staff ________

(96% indicated yes -- increase of 10 to 75)

K. This College has a projected budget: Yes    No

15% 15% 10% 20% 40%
1 year 2 year 3 year 5 year 10 year

other: 70% indicated yes, mainly in building plans

L. Accurate estimates of income and expenditures can be calculated for a period of:

1 year 2 years 3 years 5 years 10 years

other: 75% indicated from 1-5 years

M. The content of the library will be increased over the next 10 years by:

5% 10% 15% 20% 25% 50% -plus-

30% 60% 10%

Currently there are ________ volumes in the library.

Average number of volumes -- nearly 40,000

N. There will be developments in specific curricula during the next 10 years.

Yes    No

In what areas: 90% indicated yes, in the area of

Humanities

O. Do you now offer non-credit adult education courses?

Yes    No    Enrollment _______

(92% indicated no)

P. Do you plan to offer non-credit adult education courses within the next ten years?

Yes    No

Comment: (54% indicated yes)
SURVEY INSTRUMENT "B"
(Business Manager)

Historical Data for 1958-1968

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<th>Item</th>
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<th>1960-61</th>
<th>1963-64</th>
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<td><strong>DATA ON STUDENTS AND FACULTY</strong></td>
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<td><strong>DATA ON ENDOWMENT AND GIFTS</strong></td>
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<td>Endowment (book value)</td>
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<td>For other uses</td>
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<td><strong>DATA ON EDUCATIONAL PLANT</strong></td>
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<td>Replacement value</td>
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