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ABSTRACT

This paper reconceptualizes the purposes of education's budget envelope. Citing numerous examples of how policymakers consider resource allocations apart from the main concerns of individual programs, the people reallocations affect, and education's most important programs, it suggests that policymakers and finance officers reemphasize program and people priorities rather than financial ones. Noting that curriculum and instruction issues rank a distant fifth behind frontrunner funding issues in the 1988 American Association of School Administrator's Survey, disapproval about funding priorities and program-based budgeting systems is expressed. Political concerns often dictate program funding without regard to the most effective programs. In addition, when expenditures outstrip income based on foundation levels established according to the annual inflation rate, funding emergencies occur. The report concludes that such a reconceptualization will not prevent policymakers from meeting their long-term or short-term budgeting obligations. Rather, budget flexibility is enhanced because of budgets designed to respond to immediate ongoing program needs, and not to any fixed "written in stone" timetable that ends with the fiscal year. (JAM)

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RECONCEPTUALIZATION OF THE BUDGET ENVELOPE

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RECONCEPTUALIZATION OF THE BUDGET ENVELOPE

A budget, according to Irvine (1970), "is in itself merely a quantified plan for future activities" (p. 7). The definition seem reasonable but what exactly does it tell us. Perhaps the most significant point that evolves from this definition is that the budget is not an end onto itself but rather a means of reaching a specific goal. However, the achievement of this goal without consideration for the needs of the internal programmatic functional units of the organization can and have resulted in unnecessary long-term costs. For example, Thompson (1983) in his reflection on the evolution of fiscal models applied by the University Administration to the Continuing Education Division at The University of Manitoba observed what he felt was a negative shift in how the chosen fiscal model reflected on the workability and manageability of the budget set for the Division. In his opinion the evolution of applied fiscal models reflected

a "drift" away from primary emphasis upon program priorities toward a primary focus upon financial priorities. The flexibility in expenditure levels is gained

at the cost of reduced flexibility in offering programs which have high net costs. (pp. 6-7)

Granted, a continuing education division is perhaps atypical in operation than most entities which make up an educational institution; nevertheless, the linkage between the setting of the budget envelope and program offerings is salient to the purpose of this paper. All too often we have witnessed those in authority justifying adjustments in the budget envelope on grounds that it will increase flexibility in how the allocated resources are deployed. The justification is a valid one but for the immediate and short-term only. Why?

In placing programmatic concerns to second-rate considerations, those in authority have allowed political, social, and financial concerns to dominate the agenda. The immediate effect is at most a mild disruption of the mandate of the educational organization. Should one aspect of a program suffer some loss of funds the immediate gain in expenditure flexibility within the budget envelope has the potential to minimize the impact. There is no reason to believe that because X dollars must be spent on Y that how Y is incorporated into the overall operation

of the organization has also been determined. The only thing that must be honored is that this dollar allocation must accompany Y. Consequently, those in authority assumed a removed position from programmatic consideration with reasonably good conscious. Furthermore, the predictability of what would happen to the budget envelope from year to year was good as long as one monitored the appropriate external variables.

...Wildavoky identified wealth, revenue predictability, spending size, political structure, and culture as interactive independent variables that ultimately determine budgeting outcomes. Interactive effects can be briefly illustrated using wealth and revenue predictability. Governments with access to high wealth and with high revenue predictability would be expected to engage in incremental budgeting. Low wealth and high revenue predictability are associated with revenue budgeting; public services become a function of tax collections regardless of need. Low wealth combined with low predictability tend to produce alternations between incremental and repetitive budgeting. (Sederberg, 1984, pp. 6-7)

A more long-term effect is observed by Thompson (1983),

...the fiscal model is conceived as an instrument for achieving institutional objectives. Accordingly, the selection of an inappropriate fiscal model may be the inadvertent, but inevitable, cause of a re-definition of the mandate for a continuing education unit. (p. 2)

Although Thompson's observation was confined to a continuing education unit, the observation is as valid for any other unit of an educational organization. Thus, the estimating procedure used to establish the budget envelope is of critical importance.

The price that must be paid in the long-term for such financing practices is now upon us. In times of restricted funds and low public confidence in education, allocation of resources to education in perhaps more productive ways "becomes a political and emotional event that generally results in the continuation of past practice" (Bailey, 1983, p. 94).

But surely one would argue that yes financial priorities dominated the establishment of the budget envelope yet flexibility of the use of funds within the envelope increased. With this combination, concentration of resources on results, normally viewed in terms of student outcome, is not the problem it is heralded to be. This stance assumes two conditions. One, "a statement spelling out which goals, priorities, programs, and support functions the organization values" (Bailey, 1983, p. 94). Unfortunately, the absence of such a statement has been more the rule than the exception. Two, the implementors of the budget

envelope rates curriculum and instruction issues of the same importance as funding issues. Implicative in this assumption is that an equal and integrated rating would ensure that programmatic concerns would rise above its second-rate position during the establishment of the budget envelope. How close are the two set of issues rated? The American Association of School Administrators' survey (1988) reveals that school superintendents perceived funding issues as the most important issue facing public schools in the next five years. Curriculum and instruction issues were ranked a distant fifth (behind staffing issues, social issues, and school reform issues; student-centered issues ranked a close sixth). Furthermore, respondents viewed funding for curriculum development as only a special problem that needed to be given attention. Here special meant something beyond mainstream funding concerns. Obviously the assumptions were not operating. The funding priorities that had determined the budget envelope remained the dominant priority in working within the envelope. The danger in this operation of the budget envelope is exemplified by a study conducted by Rossmiller (1983), where he examined

the association between resource allocation and classroom achievement.

Among the variables that do not appear to be related closely to student learning outcomes are level of spending per pupil, quality of buildings, average school or class size, and the organizational structure of the school. (p. 175)

This finding does not imply that the amount of money available per student is unimportant. Rather, it indicates that money is a necessary, but not a sufficient, requisite for student academic achievement. The specific resources purchased with the funds available, and the uses made of these resources when dealing with individual students in specific classroom situations, are more likely to account for differences in student learning outcomes. (p. 176)

It is the results of studies such as Rossmiller that has moved financing of education from an economic concern alone to a programmatic consideration. Acknowledgement has been given to the fact that a programmatic floorplan is required to guide the movement of resources and thus avoid the so-called shotgun approach. Given that "public expenditure in education has increased about tenfold" (Tsang, 1988, p. 182), the move to programmatic financing has provided the means to a more sophisticated and enlightening

budget envelope. One advantage as seen by Tsang (1988) is that

the disclosure of areas of excessive wastage or underutilization of educational resources may lead to actions that reduce educational costs without affecting school quality or actions that increase school output without incurring additional costs. (p. 223)

Recent attempts to function within the demands of programmatic financing have been reflected by the introduction of such program-based budgeting systems as PPBS and ZBB. Unfortunately in the case of PPBS, "it found few takers in an arena where allocative decisions are ultimately made by counting votes" (Sederberg, 1984, p. 72). In the last few years however the principles underlining PPBS have once again emerged; although, the acumen has changed to such names as resource-cost model budgeting. In the case of ZBB its use has continued but in modified forms. For example, in one school district it is used only if the district's "propose expenditure is higher than a base established according to the annual inflation rate" (Bailey, 1983, p. 104). Contributing factors to the extent to which programmatic financing has demanded a reconceptualization of the budget envelope are data

availability and legislative mandates. In terms of data,

central-government budgetary data are not usually classified into categories that are relevant for some applications, for example, cost analysis of educational programs or subjects. Cost data are available for some input items, but they do not show how the costs are spent for different programs or subject areas. (Tsang, 1988, p. 192)

Because of legislative mandates much of the "what" in program delivery is set; nevertheless, programmatic financing requirements gives us the opportunity to examine the "how" of this delivery. Perhaps more importantly, the "how" becomes an intrinsic component in the establishment of the budget envelope.

It is clear then that the establishment of the budget envelope is perhaps the most significant event for an educational institution. It is this envelope that provides those in authority the best possible insight into future requirements. If student learning needs are at the base of the institution's operating goal than past practices have inhibited its achievement. A budget envelope promised on financial considerations in almost isolation of programmatic considerations has only led to implementors of the envelope adopting a similar stance of operation. The

budget envelope became the bottom line, the end to be met during the fiscal year. Programmatic financing removes this restricting characteristic of the budget envelope by having those in authority establish the envelope on programmatic needs. In this way, the budget envelope is used as the means to a well defined end.

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