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Business Management of The Small Denominational College

Ruben J. Dumler
Fort Hays Kansas State College

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BUSINESS MANAGEMENT
OF THE
SMALL DENOMINATIONAL COLLEGE

being

A thesis presented to the Graduate Faculty
of the Fort Hays Kansas State College in
partial fulfillment of the requirements for
the Degree of Master of Science

by

Ruben J. Dumler, A. B.

Valparaiso University, Indiana

Date

July 26, 1947

Approved

Leonard H. Thompson
Major Professor

F. E. Albrecht
Chairman Graduate Council

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9/4

Author

9-29-49

DEDICATION

This Thesis is dedicated to my loyal
and faithful wife, Amanda, and to my two
daughters, Mary Angela, and Paula Marie.

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CHAPTER I

INTRODUCTION

Education is big business. This statement does not refer to the vast importance of education in a democracy, but rather to the financial operation of education. In order to operate our many institutions of higher learning, millions of dollars are spent.

Any undertaking serving more than a million people, having plants, equipment, and capital valued above three billion dollars, and with annual expenditures of six hundred twenty-five million dollars would be classed as a major industry in the commercial world. Such was the number served, the investment in, and the operating income of the colleges, technical schools, and universities of the country during the year 1929-30.

In the decade which ended with that year higher education had been supplied with increasing amounts of financial support. Income during the period increased 163 per cent and property values 167 per cent.¹

Education as well as industry was affected by the economic depression of our country and of the world during the early thirties. Income of the higher institutions of learning was decreasing and enrollment was on the decline, yet the amount of income and expenditure during this period was tremendous.

The magnitude of the business side of higher education, at the low of the depression, is impressive. The 1933-34 Bureau of Education circular No. 121 indicated that for the year, thirty-seven of two

1. T. E. Woodmore, College Business (Nashville, The Parthenon Press, 1938), p. 11.

hundred and twelve institutions listed expected incomes in excess of one million dollars.²

During the Second World War enrollment dropped because of the drain on man power by the armed forces and war-time production. Little need to be said about the great expansion of education since the close of hostilities.

The 630 junior colleges of the country have enlarged their facilities and their staffs to accommodate enrollment increases of anywhere from 400 per cent to 2000 per cent.³

What is true of the enrollment of the junior colleges is true of all the colleges and universities throughout the country.

The denominational college, or church controlled and supported college, plays an important role in this vast undertaking of higher education. Mr. Gould Wickey, Secretary-treasurer of the National Commission on Christian Higher Education of the Association of American Colleges, informs the writer that there are seven hundred seventy-nine denominational colleges in the United States. In fact the Kansas Educational Directory of 1945-46 lists a total of twenty-one institutions of higher learning within the state. Of this list of twenty-one, fourteen, or sixty-seven per cent, are church related colleges.

The importance of sound business management in the denominational college is emphasized by the fact that each of these seven

2. Loc. cit.

3. College and University Business News, (Oct. 1946), p.36.

hundred seventy-nine colleges has to maintain its own plant and equipment; employ and pay teaching and non-teaching personnel; provide lodging and in many instances furnish meals for students; collect all the income and pay and account for all expenditures.

Vast sums of money are involved. To bring the problem closer home, the school which employs the writer, had a total expenditure of \$211,607.66 during the school year 1945-46 with an enrollment of only three hundred ten students. This figure does not include ninety-two thousand dollars spent for building improvements.

That is why business organization is an important administrative problem. After all, an educational institution is more than a faculty and a building. It is an intricate mechanism that buys, sells, borrows, builds, leases, invests, all the while it is disseminating and adding to knowledge.⁴

It is extremely important that the business of our colleges should be carried out in a systematic and efficient manner. This is necessary in order that the greatest service can be rendered for each dollar expended. In fact, we can go so far as to state that a school can be judged by its business management.

A close relationship has been found to exist between excellence of institutions and the amount of their expenditure per student for educational purposes. The relationship is particularly close when the expenditure data are corrected to account for

4. Robert L. Johnson, "Business Organization of a Large University," College and University Business, (Oct. 1946), p. 3.

the size of the institution in accordance with the principle that a given quality of education is more expensive in a small college than in a large one.⁵

Who in the administrative organization is to be in charge of this vast amount of business which is necessary to conduct an institution of higher learning in an efficient manner?

Educational business administration has become an important field of service. Hardly any college can be found which does not have one full-time person in a major position with at least a few assistants. This development has been recent and rapid.⁶

To the business manager are delegated all responsibilities involving the financial management of the college and the maintenance and operation of the physical plant.⁷

In this study it is the desire of the writer to determine the age, sex, training, experience, duties, and responsibilities of the business manager of the small denominational college. By small denominational college is meant a church related school with an enrollment of less than two thousand students. The reason for making a study only of the small school is that it is difficult to compare the financial operation of the small and large school. Enrollment will be the only factor considered. No distinction will be made as

5. John Dale Russell and Floyd W. Reves, The Evaluation of Higher Institutions, (Chicago, The University of Chicago Press, 1937), p. 110.

6. Woodmore, op. cit., p. 1.

7. Ralph J. Watts, "Business Organization of a Small College," College and University Business, (July, 1946), p. 17.

to junior college or the four year college, or a combination of academy and college. If a college and academy are operated as a single unit, the total enrollment will determine whether the school will be included in this study.

The questionnaire method of obtaining information was used. A questionnaire, a copy of which is found on page 38, was sent to all the church related colleges in Kansas and to all forty-eight states and the District of Columbia. At least one was mailed to each state of the Union. Out of the total number of one hundred eighty-seven sent out, ninety-four were answered, or about fifty per cent. Each questionnaire was mailed with an explanatory letter, a copy of which is on page 42, with a self-addressed envelope. This percentage of returns is high considering that no follow-ups were made and that the questionnaire was sent to colleges scattered over such a large territory. Table I is a summary of the number sent to each state and the returns. This also shows that returns were received from forty different states. This is evidence that the study covers all sections of the United States. This eliminates the showing of any regional tendencies, but puts the results on a national basis.

TABLE I. This shows the total number of questionnaires sent to the schools of each state and the number and percentage of questionnaires returned.

States	no. Mailed	no. Returned	% of Returns
Alabama	4	2	50
Arkansas	3	1	33
California	5	2	40
Colorado	1	0	0
Connecticut	1	0	0
Dist. of Columbia	3	0	0
Florida	2	0	0
Georgia	7	4	57
Idaho	1	0	0
Illinois	13	8	61
Indiana	6	5	83
Iowa	11	6	54
Kansas	12	8	67
Kentucky	4	2	50
Louisiana	3	2	67
Maryland	2	1	50
Massachusetts	2	0	0
Michigan	5	2	40
Minnesota	4	1	25
Mississippi	2	1	50
Missouri	6	4	67
Nebraska	7	5	71
New Hampshire	1	0	0
New Jersey	3	2	67
New York	5	2	40
North Carolina	8	5	62
North Dakota	1	0	0
Ohio	7	4	57
Oklahoma	2	1	50
Oregon	2	2	100
Pennsylvania	11	5	45
Rhode Island	1	0	0
South Carolina	6	3	50
South Dakota	3	2	67
Tennessee	7	2	28
Texas	8	3	27
Utah	1	1	100
Vermont	1	1	100
Virginia	5	1	20
Washington	4	2	50
West Virginia	3	2	67
Wisconsin	4	2	50
Total	187	94	50

Not only does this study cover a wide geographical area, but also a large number of different denominations are represented. Table II shows that the returned questionnaires represent colleges controlled by, or affiliated with, nineteen different church bodies. These are general groups which could be divided again into a number of individual units. As for example, all returns from Lutheran colleges were grouped under one heading of Lutheran, regardless of the controlling synod. This wide coverage of church groups eliminates any possibility that any particular tendency in one church body is revealed.

TABLE II. This shows the number of questionnaires returned by the different church groups.

Church groups	Number of returns
Baptist	5
Brethren in Christ	1
Catholic	8
Church of God	1
Church of the Brethren	2
Church of Christ	1
Congregational	3
Disciples of Christ	1
Evangelical Mission Covenant Church of America	1
Free Methodist	2
Lutheran	13
Mennonite	1
Methodist	20
Moravian	1
Presbyterian	16
Reformed Church of America	3
Society of Friends (Quakers)	3
Seven-Day Adventist	1
United Brethren of Christ	1
No reply or no affiliation	<u>11</u>
Total	94

CHAPTER II

GENERAL INFORMATION

The enrollment, of the schools cooperating in this study, ranges all the way from one hundred to fifteen hundred fifty students. The arithmetic average enrollment per school is five hundred ninety-nine. This indicates that the schools studied come within the limit set for the SMALL DENOMINATIONAL COLLEGE. Several schools with an enrollment of over two thousand students reported, but these reports were excluded in this study. Figure 1, page nine shows that a large number of the schools fall in the four to six hundred group.

The small denominational college is a boarding school. By a boarding school is meant a school which furnishes both food and lodging to its students. To the question asking whether the school is a boarding school, ninety-one per cent answered in the affirmative, five per cent said "no," and four per cent failed to answer it at all.

In the method of serving meals, the family style still seems to predominate. Forty-seven per cent of the schools serve their meals family style; thirty-two per cent, cafeteria style; thirteen per cent used both styles; while eight per cent made no reply to this question. Some of the schools which are using both methods, indicate that breakfast is served cafeteria style and the other two meals family style. Other schools indicated that they used one system in

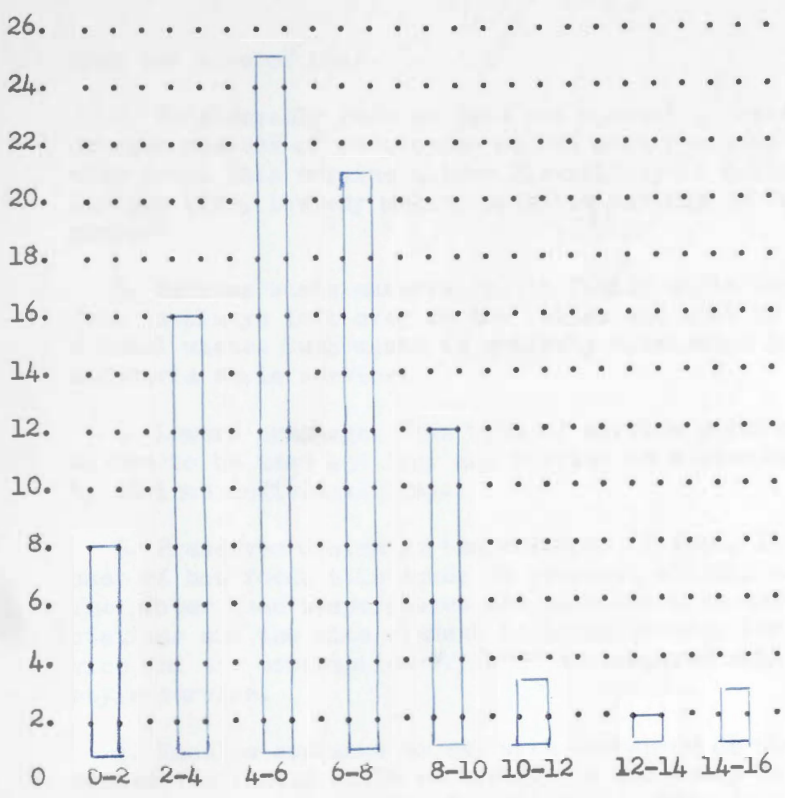


Figure 1. School enrollment distribution. The vertical figures represent the number of colleges, while the horizontal figures are in hundreds representing enrollment.

one building and another in some other building. Because of the crowded condition of the schools, it is surprising to find so many schools hanging on to the family style of serving since cafeteria style is much more efficient and requires less time and space.

Our experience with both cafeteria and family style service has definitely decided us in favor of the cafeteria style for the following reasons:

1. Increases capacity with the same seating because of the speeding up of service. Two hundred can be fed at one station from twelve to twenty minutes, depending

upon the type of meal.

2. Considerably reduces food and operating costs. Greater numbers of people can be fed with the same kitchen crew. This service allows flexibility in controlling portion size, thereby making possible savings in food costs.

3. Reduces waste materially. In family style service, food is always left over on the tables and most of it is a total waste. Such waste is entirely eliminated in cafeteria style service.

4. Lowers breakage. This type of service permits fewer dishes to be used and they are carried on a standard 15 by 18-inch individual tray.

5. Preserves desirable temperatures of food. In the case of hot foods this tends to preserve vitamin content. The proper food temperatures are maintained on cafeteria stations and the time element is lower between the service and the consumption of foods as compared with family style service.

6. Enables students to eat with companion of their choice. In family style service it is necessary to assign students to regular seats for all meals. This is a form of regimentation which often is resented; furthermore, it does not give students an opportunity to mix and become well acquainted with one another.

7. Permits psychological appeal. Food can be set out attractively. Color combinations lend enticement to the appetite.¹

1. David Ford, "Cafeteria or Family Style," College and University Business, (July, 1946), p. 24.

CHAPTER III

BUSINESS MANAGER -- PERSONAL DATA AND QUALIFICATIONS

First of all, the title Business Manager is not used by all the schools to describe the position of the person in the administration who is in charge of the school's business. Since the author's position and all those whom he knew who occupied similar positions were referred to as Business Manager, it was natural to conclude that this title is universally used. But the facts as revealed by this study in Table III do not hold up this contention. In the light of this information, the term Business Officer will be used instead of Business Manager to describe the position of the person who conducts the business of the institution. In some of the smaller colleges the Business Officer holds, in addition to his regular duties, some other administrative position.

In fact, the literature on the subject of business management of the colleges does not always use the term Business Manager. "The financial officer of the University who represents the governing body, is usually known as the bursar, or controller."¹

The ages of the Business Officers ranges from twenty-one to eighty-seven. Both of these ages are the extreme and do not reflect the true age condition of the group reported. The median age is

1. Earle L. Washburn, Accounting for Universities, (New York, The Ronald Press Company, 1926), p. 4.

TABLE III. This shows the various titles given to the person in charge of the business of the school.

Title of Business Officer	No. of schools
Business Manager	46
Treasurer	12
Bursar	7
Comptroller	5
Dean	2
President	6
Business Manager-Treasurer	2
Vice-President	2
Business Director	1
Athletic Coach	1
Office Manager	1
Business Manager-Bursar	1
Registrar	1
Secretary-Treasurer	1
Assistant to President	1
Business Officer	1
Secretary to Administration	1
No reply to the question	3

forty-eight. Figure 2 shows the distribution of the ages. Of the total reported, eighty-two reported their ages while twelve failed to furnish any answer to this question.

Eighty-two per cent of all the Business Officers are men, while thirteen per cent are women and five per cent made no reply to this question. All, except two of the women business officers, were found in schools for girls. Thus it seems to be a man's job; nevertheless it can also be performed by the opposite sex as the returns indicate.

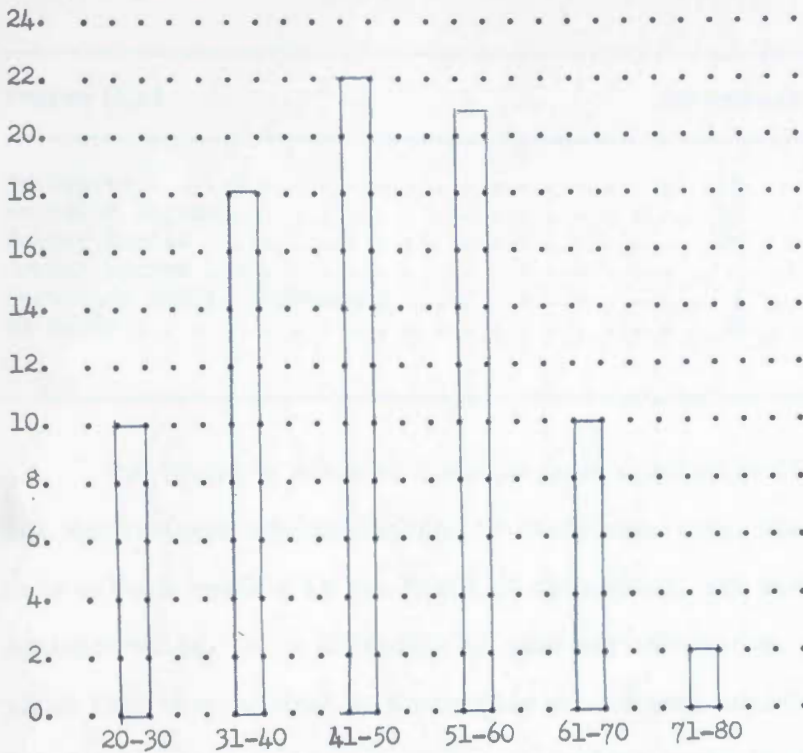


Figure 2. The distribution of the ages of the Business Officers into groups. The vertical figures indicate the number that falls in each age group, while the horizontal figures are the age groups.

Education seems to vary a great deal among those reporting. The degrees held range from a Bachelor to the highest obtainable. A number have no degree at all. Some indicate that they had a business college education, hence no degree. It is significant, however, that seventy-five per cent of those reporting have some college degree. Table IV shows the distribution of the various degrees held by the Business Officers.

TABLE IV. Degrees held by the Business Officer.

Degree Held	Percentage
No Degree	16
Bachelor Degree	45
Master Degree	26
Doctor Degree	4
Certified Public Accountant	1
No reply	8

The training seems to indicate some specialization in accounting and business administration. Of those reporting, thirty-eight have college credits in the field of accounting, and forty in business administration. It is difficult to make any tabulation, as many replied that they majored in accounting or business administration. The question concerning the number of college hours in accounting was unanswered by twenty-eight, and in business administration by thirty individuals. The reason why many failed to answer this question was perhaps that it would have taken some time and trouble to supply this information.

In all the literature available to the author, no definite requirements were found as to education and training of the Business Officer. This is also revealed in this study, as there are a number of Business Officers who seem to have no college degree nor any special training in accounting and business administration. This study also reveals, however, that seventy-five per cent are college graduates, and that of

this number many have special training in accounting and business administration.

The number of years of business experience outside of school management ranges from none to forty-eight. The median is seven years. Almost twenty per cent of those answering this question had no other business experience, while a little over eighty per cent had actual business experience before their present position as Business Officer of a school. The question did not call for the kind of outside business experience, but three volunteered to state that they were employed in a bank before they went into school work.

The average Business Officer has been in his present position for five years. It is surprising to note that fifteen of the eighty-four answering this question, are in their first year of experience. In other words, one-half of those reporting, have been at their present position for five years, or less. This seems to indicate that perhaps, many of the positions of Business Officer have been created during the last few years.

In considering a position, salary should be a secondary consideration; yet, monetary compensation often influences many decisions. In asking the question on how much annual salary the Business Officer receives, it was explained that if the information was too personal, not to answer it. In spite of this fact, eighty supplied the answer to this question. Services of the Business Officers of the Catholic schools are donated and cannot be considered here. The salary ranges from seventeen hundred and seventy-eight to six thousand six hundred

dollars per year. The arithmetic average annual salary is about three thousand five hundred and twenty-five. Figure 3 shows the distribution of the salaries reported.

Next in importance to salary of the Business Officer is the length of vacation with pay. Here again the Business Officer of the Catholic schools must be excluded, since they receive no remuneration. The vacation with pay ranges from fourteen days to ninety days. One said that he can get all he wants. A few added remarks that, because of too much work, they experienced difficulty in taking all the allotted time. Table V shows the different lengths of vacations.

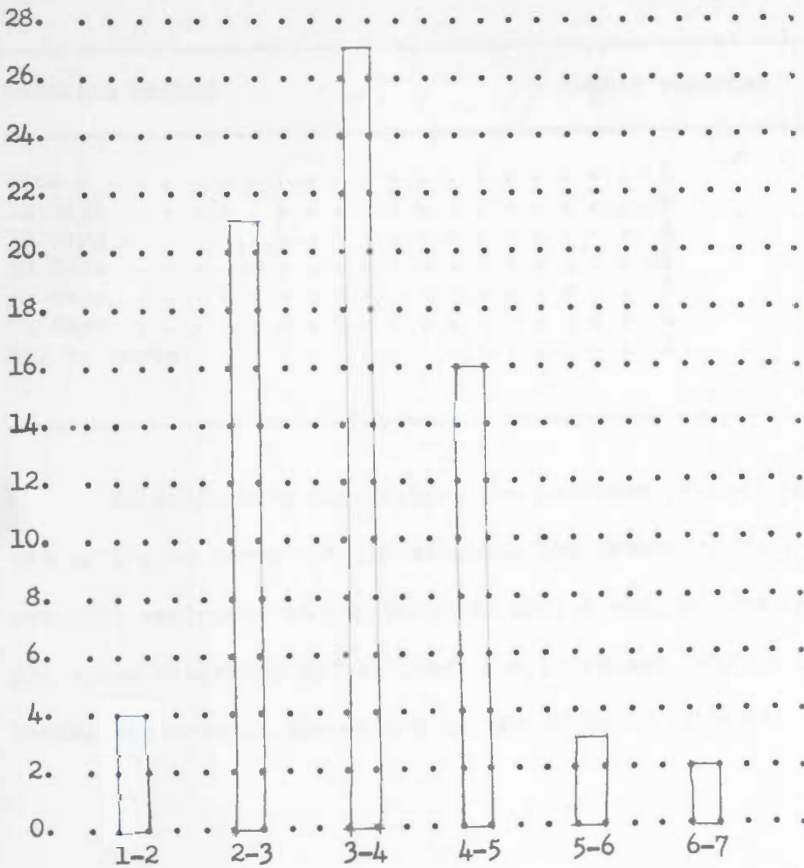


Figure 3. This shows the distribution of the annual salaries received by the Business Officers. The vertical column represents the number of Business Officers while the horizontal figures represents in thousands of dollars the salary.

TABLE V. Vacation with pay.

Vacation period	Number reported
None	1
14 days	36
21 days	6
30 days	31
45 days	1
90 days	1
All he wants	1

In performing his duties, the business officer needs help in his office to carry out the details. The number of full-time secretarial employees in the business office ranges from one to six. All those reporting had at least one secretary. Figure 4 shows the number employed in the office of the Business officer.

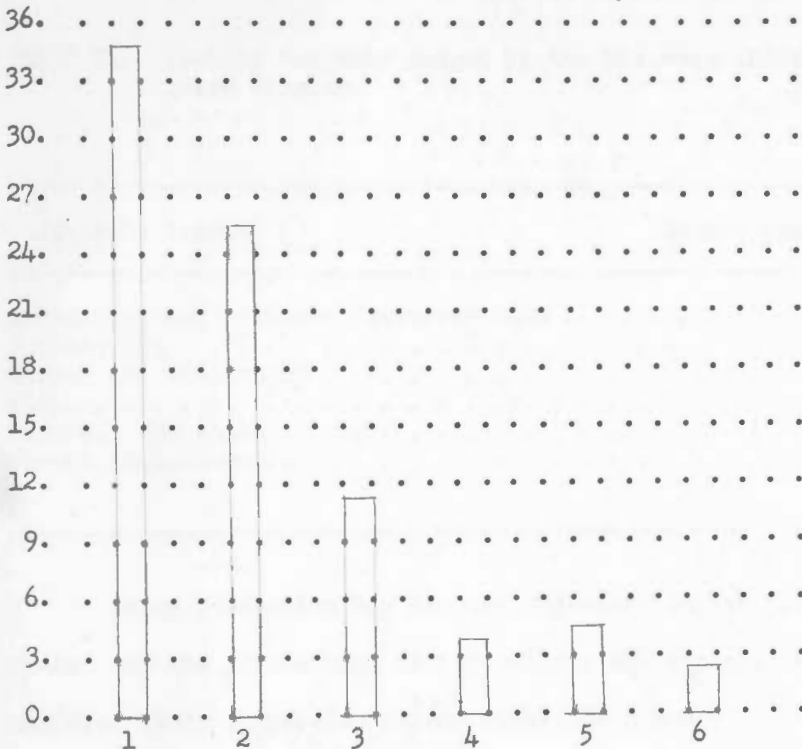


Figure 4. The number of secretarial employees in the business office. The horizontal figures represent the number of employees, while the vertical column shows the number of Business Officers.

Does the Business Officer also teach classes? In general, the answer to this question is "no." In the small denominational colleges covered by this study, it is somewhat to be expected that the Business Officer would teach some business subjects. The return from this study do not bear this out. In other words, eighty-five per cent of those reporting, teach no classes whatsoever, while

fifteen per cent do some teaching. Table VI reveals the subjects taught by the fifteen per cent that do some teaching.

TABLE VI. Various subjects taught by the Business Officers who teach classes.

Subjects taught	Number teaching
Accounting and Business Administration	6
Mathematics	2
German and Philosophy	1
History	1
Physical Education	1
Church Administration	1

Every profession has its own organization for the exchange of ideas and the furtherance of the welfare and advancement of its members. Every aggressive person should be a member of his professional organization. Thus, the Business Officers also have their own professional organizations. Out of the seventy-eight answering this question, only forty belong to some association, while thirty-eight do not. This seems to indicate that only about fifty-one per cent of the Business Officers of the small denominational college belong to a professional organization.

The forty who belong to an organization belong to fourteen different types of associations. The exact name of some of these associations is not known by the author, so the names will be given just as they were reported on the questionnaire.

TABLE VII. Membership in professional organizations by Business Officers. A few hold membership in more than one organization.

Name of Association	Number of Members
1. Educational Buyers Association	17
2. Central Association of College and University Business Officers	13
3. Southeran Association of College and University Business Officers	7
4. American Accounting Association	3
5. Association of Business Officers in Schools for Negroes	3
6. Eastern Association of College and University Business Officers	1
7. National Association of Purchasing Agents	1
8. Catholic Business Education Association	1
9. Illinois Education Association	1
10. National Business Managers Educational Institute	1
11. Western Association of College and University Business Officers	1
12. Ohio Association of College and University Business Officers	1
13. Pacific States Business Managers Association	1
14. Business Administration Association of Minn.	1

CHAPTER IV

BUSINESS OFFICER'S DUTIES AND RESPONSIBILITIES

The successful operation of an institution depends upon the adequacy and thoroughness of its organization. In conducting the affairs of a nation, a state, a university, or a college it is necessary that each administrative officer knows his exact duties and responsibilities in order to avoid duplication of effort and friction. In order to accomplish this end, a plan of organization must be worked out. "One of the generally recognized principles of effective administration is that like duties should be assigned to the same general executive direction."¹

Administrative organization may be of a number of different types.

College business organizations generally fall into one of three types. - - the unit type, the dual type, or the multiple type. The unit type, prevalent in a majority of American colleges and universities, follows the plan of having the business department, and all other departments, responsible to the president of the institution. He in turn is responsible to the board which controls the institution. In the dual type organization the chief financial officer stands in the same relation to the board of control as the college president. As the name implies, the multiple type provides three or more departments, more or less independent of each other, each responsible to the board of control.²

1. John Dale Russell and Floyd W. Reeves, The Evaluation of Higher Institutions, Administration Volume 6. (Chicago, Illinois, The University of Chicago Press, 1937), p. 80.

2. Woodmore, op. cit., p. 12.

Here is what Russell and Reeves think of the different types of organization in their evaluation of higher institutions.

Give a perfect score if the unit type of control is in effect, or if the system actually functions as a unit type, or if the officers co-ordinate with the president are jointly responsible to the president and to the board. If the organization is of dual or multiple type, that is, if there are two or more coordinate officers independently responsible to the board or other higher authority, give zero score.³

Figure 5 is an organization chart which was presented to the writer by one of the colleges cooperating in this study. Since all the information supplied on the questionnaire is confidential, the name of the school cannot be revealed. The chart very clearly outlines the responsibilities of the entire staff. Such a definite organization should be a vast aid in the efficient operation of the institution.

Figure 5 gives a picture of the organization of the institution as whole, while Ralph J. Watts, Business Manager of Lawrence College, Appleton, Wisconsin, gives us the following unit type of

3. Russell and Reeves, op. cit., p. 32.

PERSONNEL CHART

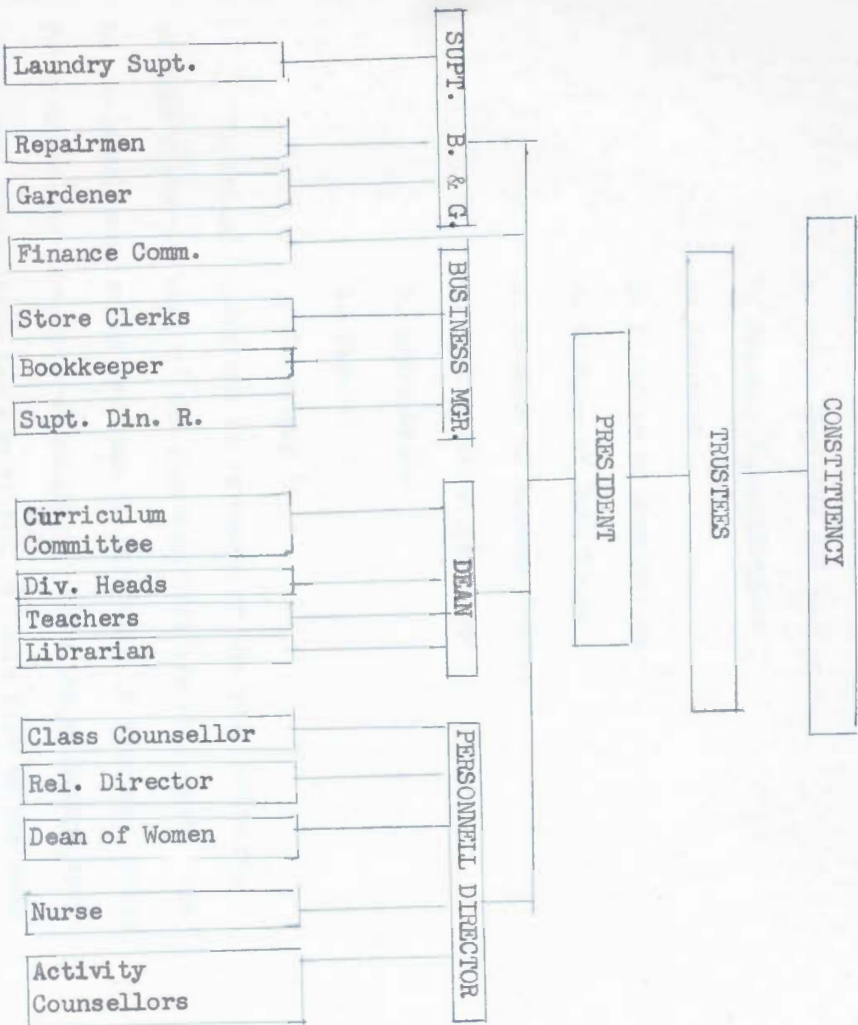


Figure 5. This shows the organization of college X.

of organization in regard to the business office:

I. Trustees

A. President

1. Business Manager

- a. Plant Engineer and Mechanics
- b. Grounds Superintendent
- c. Janitors
- d. Director of Dormitories
- e. Manager of Book Store
- f. Manager of Student Union
- g. Architectural Services
- h. Accountants
- i. Cashier
- j. Secretary ⁴

In actual conditions as revealed by the questionnaire, exactly fifty per cent of the Business Officers are responsible to the president, seven per cent to the board of trustees, while forty-three per cent are responsible to both the president and the board. These facts are summarized in Table VIII on the next page.

4. Ralph J. Watts, "Business Organization of a Small College," College and University Business, (July, 1936), p. 17.

TABLE VIII. This shows to whom the Business Officer is responsible.

Business Officer is responsible to:	Number of schools
President	45
Board of Trustees	6
Both President and Board of Trustees	39

Translating these facts into the type of business organizations, the following results are obtained: fifty per cent of the schools have a unit type of organization; seven per cent, a multiple type; while forty-three per cent have a combination of the two.

Russell and Reeves asked a similar question in the evaluation of higher institutions. They studied fifty-seven schools while this present study covers ninety-four. A comparison of the results of the two studies is given in Table IX. This table shows a high degree of correlation.

TABLE IX. Comparison of Russell and Reeves and the present study on the responsibility of the Business Officer.

BUSINESS OFFICER Responsible to:	Percentage of Institutions ⁵	Percentage of Institutions of this study
President	54	50
Both President and Board.	25	43
Independent of President	21	7

What are the actual tasks which the Business Officer must perform in his official capacity? This question was uppermost in the mind of the author as he embarked on his present course as college business manager. This question is vital to anyone interested in a position of Business Officer for any small denominational college. One of the main purposes of this study is to determine the duties actually performed by men in the business management field in this type of school.

Literature had to be consulted to draw up an adequate list of duties of the Business Officer.

At Lawrence College, Appleton, Wis., the business manager is responsible to the trustees through the president of the college, who is the chief executive officer of the institution.

To the business manager are delegated all responsibilities involving the financial management of the college and the maintenance and operation of the physical plant. Specifically, the activities of the business manager include the following:

1. Preparation of the annual budget for current operations, which, after review and approval by the president, is presented to the trustees for their consideration and action.
2. Control of expenditures based upon appropriations authorized by the budget adopted by the trustees.
3. Procurement of services (other than those of the faculty) and of supplies and facilities required in the operation and maintenance of the institution.
4. Arrangement for insurance of all types, either required by law or authorized by the trustees.
5. Supervision of new construction and of remodeling projects.

6. Maintenance, repair and operation of the physical plant.

7. Management of the dormitories, dining halls, infirmary and student union.

8. Financial management of intercollegiate athletics.

9. Accounting for, and auditing of receipts and disbursements of, student organizations other than intercollegiate athletics.

10. Management of the college book store.

11. Custodianship of current and plant funds.

12. Management of real estate and mortgages constituting assets of the endowment fund. (The treasurer of the college is the custodian of other endowment assets and directs the investment policy of the institution.)

13. Collection of student fees and other income due the college.

14. Discharge of financial obligations of the college incurred for its operation.

15. Accounting for financial transactions involving current, plant, endowment or agency funds, and preparation of reports pertaining thereto.

16. Collection of student loans.⁶

Mr. T. B. Woodmore has the following to say on the duties of the Business Officer:

The college business office should have assigned to it sufficient number of persons to perform promptly the duties which it is ordinarily expected to do in the work of an institution. These duties will usually be as follows:

1. Receiving all income.
2. Making all disbursements.

6. Ralph J. Watts, *op. cit.*, p. 17.

3. Credit extensions and collections where credit extensions are permitted.
4. Accounting and reporting.
5. Assist the president in the preparation of the budget.
6. Buying.
7. Financial management of the supplementary business activities.
8. The handling of investments.
9. The supervision of student organization finances.
10. Any other duties assigned by the president or the board of control.

From the above information, the author compiled a list of eighteen duties to be performed by the Business Officer. This list is by all means not all inclusive, but it does contain the most frequently performed tasks. The results obtained from the questionnaire on these points are tabulated on the next page in Table X.

TABLE X. This shows the duties performed by the Business Officer. Of a total of ninety-four, the number under the "yes" column indicates the number of officers that perform the particular activity.

Duties of the Business Officer	Yes	No	No Reply
1. Purchases of all college supplies . .	79 . .	12 . . .	3
2. Maintenance of college buildings . .	61 . .	29 . . .	4
3. Collection of tuition and fees . . .	82 . .	9 . . .	3
4. Disbursement of all funds	78 . .	12 . . .	4
5. Accounting records	77 . .	13 . . .	4
6. Purchases of janitorial supplies . .	67 . .	24 . . .	3
7. Employment of janitors and maintenance men	53 . .	36 . . .	5
8. Sign vouchers OK'ing bills to be paid	79 . .	9 . . .	6
9. Management of Book store	40 . .	4212
10. Management of Student Union	15 . .	3346
11. Purchase of Athletic Equipment . . .	46 . .	41 . . .	7
12. Ticket sales for Athletic Events . .	38 . .	4115
13. Purchase of food for cafeteria . . .	30 . .	56 . . .	8
14. Sale of food at cafeteria	27 . .	5017
15. Employment of student help	46 . .	39 . . .	6
16. Preparation of annual budget	69 . .	18 . . .	7
17. Employment of cafeteria staff . . .	41 . .	4211
18. Operation of student bank	25 . .	1554

In the above table, forty-six did not answer questions ten and fifty-four did not reply to question eighteen. This can be explained by the fact that many of the schools added a note that they did not have a student union and student bank. This means that many of the schools who do not have this type of service for the students did not answer these two questions.

CHAPTER V

ACCOUNTING SYSTEM USED

This study is to discover what the Business Officer does, not how he does it. Yet, the author feels that no business administrator can perform his duties efficiently without an adequate accounting system. The questionnaire revealed that the Business Officer is responsible for college accounting records. The accounting system must at all times reveal to the administrator the amount of money available for all the departments. A good accounting system is the guiding light for the one in charge of purchases and expenditures.

A budget is an estimate of future income and expenditures. It is a plan for future action. A properly executed budget will set limits on expenditures for all the departments. These limits should not be exceeded.

Exercised through the bursar, or controller, whose duty it is to prepare the budget and to see that each of the schools keeps within its appropriation. When an appropriation becomes dangerously near the point of exhaustion, the dean of the school concerned should be advised, either to cease expenditures against that appropriation, or if the expansion of the school demands that the expenditure continue, additional appropriation therefore should be requested.¹

Another major area of business administration concerns the budgetary procedure. The budget has been defined as

1. Earle L. Washburn, op. cit., p. 5.

a plan for institutional income and expenditure covering a definite fiscal period. It is widely recognized as the most satisfactory basis for the control of the finances of a college or university. To be satisfactory, the financial plan must reconcile the amount of income with the amount of expenditure.²

Out of all the schools reporting, only two stated that they did not operate under a budget. This shows the universal use and application of the budget for college accounting.

If the budget is to operate successfully, a rather extensive reporting system is needed whereby the various administrative agencies concerned are kept fully informed as to progress during the fiscal year. Under a satisfactory budgetary procedure, monthly reports should be sent to heads of departments and to other administrative officers who have budget appropriations under their charge. The president should also receive a monthly report reflecting the status of the entire institutional budget. Reports on the status of the budget should be made to the appropriate committees of the board or the board of trustees itself as often as meetings are held.³

Does your accounting system make possible periodic reports to departments on unencumbered balances in their budgets? To this question, seventy-one per cent of the answers were in the affirmative, while nineteen per cent were "no," and ten per cent failed to supply any answer.

Only three of the replies said that they had no double entry accounting system, while all others said that they used the

2. Russell and Reeves, op. cit., p. 92.

3. Ibid., p. 99.

double entry system.

It is surprising to find that sixty-eight per cent of the schools still record all their transactions by hand, while only a little over six per cent have installed a machine bookkeeping system. A combination of the two, however, is used by twenty per cent. Some of the schools indicated that machines had been purchased, but that no delivery had been made as yet. In comparison to the commercial world, the accounting system of the small college is still in the horse and buggy days.

Modern bookkeeping practice makes more and more use of machines to provide the requisite detail at low cost . . .

It is estimated that in modern big business enterprises, 90 per cent of the bookkeeping records are products of mechanical equipment. . . . This low cost has made possible the recording of an amount of detail that would otherwise be prohibitively expensive.⁴

The voucher system is perhaps the most effective control available to the administrator. Under this system no disbursement of funds is possible without the proper authorization signature on the voucher. In other words, before any bill can be paid, a voucher must be made out and signed by the controlling officer. Seventy-three per cent of the schools cooperating in this study, use the voucher system, while twenty-seven do not.

One of the most complete accounting systems is that concerned with the payment of obligations. This system

4. Howard S. Noble, Accounting Principles, (Cincinnati, Ohio, South-western Publishing Co., 1945), p. 290.

not only adjusts the accounting records to a practice of account payment, but also affects the accounting from the first record of transaction. An accounting procedure used in recording the purchase of merchandise services, and fixed assets, as well as the payment of the obligations resulting from those transactions, constitutes an organized group of accounting practices known as the voucher system.⁵

Another method of strengthening control of expenditures and of providing additional proof of the accuracy of the accounting records, is to pay all bills by check. The cancelled check automatically provides a receipt and also gives the name of the person who made the payment; in addition, the balance of the cash book. Eighty-eight per cent of the schools said that all their bills were paid by check, six per cent failed to give any information on this subject.

The use of business papers to provide an independent and externally prepared record is perhaps best illustrated when relations with a bank are so conducted that the bank's record of cash is a complete check on cash receipts and cash payments journals or the cash book. Such a record is known as a double record of cash and is invariably advocated in the handling of this asset.⁶

Another method used to control the money paid out by checks is to require two signatures on each check. This is an internal check on the one responsible for cash payments. This means of control is used by only forty-eight of the schools reporting, while forty use only one signature on their checks. A number of the schools said

5. Howard S. Noble, op. cit., p. 311.

6. Ibid., p. 292.

that any two signatures of any three or four administrative officers made their checks valid. This seems to weaken control, as there is no single person really responsible for the checks. The individuals usually signing the checks are the treasurer, business manager, vice-president, or the president.

CHAPTER VI

CONCLUSION

The average Small Denominational College has an enrollment of about six hundred students. It is a boarding school serving meals in both family and cafeteria styles. This study includes colleges in forty states, which are controlled by nineteen different church bodies.

There seems to be no general uniformity in the various colleges as to the name of the Business Officer, his training, his experience, and his duties and responsibilities. This position seems to be of recent origin, comparatively speaking; hence, no particular set pattern has been established.

The Business Officer is mostly referred to as business manager. His average age is forty-eight and his yearly salary is about thirty-five hundred dollars with fifteen days of vacation with pay. His education is somewhat beyond a four year college training. He has some actual business experience and has been five years in his present position. In his office there are two assistants. He belongs to some professional organization and does very little teaching in the class room. Last, but not least, business management seems to be a man's job.

The unit type of organization is prevalent. In this type of organization the Business Officer is responsible to the president. The Business Officer buys all supplies for the college. He is in

charge of all janitors and buys their supplies. Collection of tuition and fees, disbursement of all funds and the accounting of the same, are all performed in the business office. The Business Officer also assists in the management of the Book store, purchase of athletic equipment, employment of student help, preparation of the annual budget, and the employment of the cafeteria staff.

The Small Denominational College uses the double entry book-keeping system. To help control expenditures, the voucher system is employed. All bills are paid by check and all the checks are counter-signed. All transactions are recorded by pen and ink with very little use made of bookkeeping machines.

YES, EDUCATION IS BIG BUSINESS.

BUSINESS MANAGEMENT
of the
SMALL DENOMINATIONAL COLLEGE

I. GENERAL INFORMATION

1. Name of college _____ State: _____
 2. Name of person reporting: _____ Title: _____
 3. Total enrollment: _____ 4. Co-educational Yes No
 5. Number of faculty members? _____ 6. Name of controlling church body? _____
-

7. Boarding school? Yes No.
 8. How are meals served? Family style Cafeteria style.
 9. Do you have a cafeteria manager? Yes No.
 10. Do you have a foreman in charge of all janitors and maintenance
 personnel? Yes No.
 11. To whom is the foreman responsible? _____

II. BUSINESS MANAGER

1. Age _____ 2. Sex _____ 3. College Degrees? A.B. M.A. Ph.D. None
 4. How many college credit hours in Accounting Courses? _____
 5. How many college credit hours in Business Administration Courses? _____
 6. How many years in present position? _____
 7. How many years of business experience outside of school management? _____
 8. Does the Business Manager teach any classes? Yes No. Total Hours? _____
 Subjects taught? _____
 9. Yearly salary at present position? _____ Length of vacation with pay? _____
 10. How much secretarial help does Business Manager have? _____

11. To whom is the Business Manager responsible? To the President
 To Board of Trustees To Both.

12. Does your Business Manager belong to a professional organization Yes
 No. Name of organizations? _____

III. RESPONSIBILITY OF THE BUSINESS MANAGER

Is the Business Manager responsible for the following:

Check one

	<u>YES</u>	<u>NO</u>				
1. Purchases of all college supplies	<input type="checkbox"/>	<input type="checkbox"/>	If, not, who is?	_____		
2. Maintenance of college buildings	<input type="checkbox"/>	<input type="checkbox"/>	" " " "	_____		
3. Collection of tuition and fees	<input type="checkbox"/>	<input type="checkbox"/>	" " " "	_____		
4. Disbursement of all funds	<input type="checkbox"/>	<input type="checkbox"/>	" " " "	_____		
5. Accounting records	<input type="checkbox"/>	<input type="checkbox"/>	" " " "	_____		
6. Purchases of janitorial supplies	<input checked="" type="checkbox"/>	<input type="checkbox"/>	" " " "	_____		
7. Employment of janitors and maintenance men	<input type="checkbox"/>	<input type="checkbox"/>	If, not, who is?	_____		
8. Sign vouchers OK'ing bills to be paid	<input type="checkbox"/>	<input type="checkbox"/>	" " " "	_____		
9. Management of Book Store	<input type="checkbox"/>	<input type="checkbox"/>	" " " "	_____		
10. Management of Student Union	<input type="checkbox"/>	<input type="checkbox"/>	" " " "	_____		
11. Purchase of Athletic equipment	<input type="checkbox"/>	<input type="checkbox"/>	" " " "	_____		
12. Ticket sales for Athletic Events	<input type="checkbox"/>	<input type="checkbox"/>	" " " "	_____		
13. Purchase of food for Cafeteria	<input type="checkbox"/>	<input type="checkbox"/>	If not, who is?	_____		
14. Sale of food at Cafeteria	<input type="checkbox"/>	<input type="checkbox"/>	" " " "	_____		

Yes No

15. Employment of student help If not, who is? _____

16. Preparation of annual budget " " " " _____

17. Employment of cafeteria staff " " " " _____

18. Operation of student bank " " " " _____

19. List any other duties and responsibilities of your Business Manager:

a. _____

b. _____

c. _____

d. _____

IV ACCOUNTING SYSTEM

1. Do you use a double entry accounting system? Yes No

2. How are your accounts recorded? Manual Machine Both

3. Is the voucher system used? Yes No

4. Are all bills paid by check? Yes No

5. Are all checks counter-signed (two or more signatures)? Yes No

6. Titles of persons signing? _____

7. Does your business office use the following machines?

a. Calculator Yes No

b. Posting Machine Yes No

c. Dictating Machine Yes No

d. Other special equipment _____

8. Do you follow the recommendation of the National Committee on Standard Reports for Colleges and Universities? Yes No
9. Does your accounting system make possible periodic reports to departments on unencumbered balances in their budgets? Yes No
10. Do you desire a summary of this study when it is completed? Yes No

A copy of your budget without amounts, but with a percentage distribution of the various funds will be appreciated.

THANKS FOR YOUR KIND COOPERATION

St. John's College
Winfield, Kansas

Dear Sir:

Do you want a summary of a study being made on the subject, "Business Management of the Small Denominational College?" You may obtain such a summary by answering the enclosed questionnaire and mailing it in the self-addressed stamped envelope.

It will not take too much of your valuable time to fill out this questionnaire as most of the questions can be answered by a check. If you feel that the answer to question nine, section two in regard to the salary is too personal, feel perfectly free to leave it unanswered.

The information that you will submit will be confidential and will not be used with your name.

This questionnaire is being mailed to about two hundred colleges throughout the country. The results will be used to write a thesis for my master's degree.

Thanks!

elw

Ruben J. Dumler

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This is a very helpful book for the college business manager. It briefly covers the complete field of college business management. It was a valuable source of information in the preparation of this thesis.

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College and University Business. Chicago, The Nation's Schools Publishing Co. 1936-47.

This is a monthly publication of seventy-two pages. It is an excellent magazine for school business officers. This publication was of great value in the writing of this thesis. It is one publication that is written just for the business manager of colleges and universities.

Institutions. Chicago, Domestic Engineering Co. 1946-47.

This magazine is published monthly for hospitals, hotels, restaurants, schools, industrial cafeterias and other institutions. Valuable information is given about the preparing, preserving, and the serving of foods.

School Management. New York, School Management, Inc., 1946-47.

This magazine is published every month except July. It covers the general field of school management. Only certain sections are of much value to the business manager of a college.