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The Alignment of the Budget Allocation Process to the Strategic Plan at a Liberal Arts  
University: A Case Study

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A dissertation  
presented to  
the faculty of the Department of Educational Leadership and Policy Analysis  
East Tennessee State University

In partial fulfillment  
of the requirements for the degree  
Doctor of Education in Educational Leadership

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by  
McCartney A. Johnson  
May 2019

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Dr. Stephanie Tweed

Keywords: Strategic Planning, Budget, Accreditation, Planning, Aligning Planning and  
Budgeting

## ABSTRACT

The Alignment of the Budget Allocation Process to the Strategic Plan at a Liberal Arts

University: A Case Study

by

McCartney A. Johnson

The purpose of this qualitative study was to determine how a university aligns the budget allocation process to the strategic plan process. This case study was conducted at a four-year, liberal arts university in the southeastern part of the United States. The qualitative data was collected through personal individual interviews from a purposeful sample of administrators at the university who were knowledgeable about the budget allocation process and the strategic plan. Data were also collected through a document review from items publically accessible online and information received from the interviews.

By analyzing data derived from the interviews and document review, three themes were identified, inclusive process, data informed decisions, and leadership driven.

Findings from this study may be useful at other universities that are aligning their budget allocation process to the strategic plan. This information is valuable to state legislators who are evaluating how universities spend state money.

## DEDICATION

This dissertation is dedicated to all my family members who encouraged and helped me along the way. Thank you to my parents who valued education and showed me the places it can take you. This is for my husband and family members who never stopped believing in me during this process.

## ACKNOWLEDGEMENTS

Throughout this entire process, I have been blessed with a great support system. I have an amazingly supportive group of family, friends, and coworkers who understood what I was doing. They never questioned when I could not attend functions or make plans. They always encouraged me to follow my dreams and finish.

To my husband, Michael Johnson, thank you for always continuing to encourage me throughout the process. To my parents who taught me to never give up on what you start and to finish strong. You both have always taught me to follow my dreams and that nothing was impossible. It is because of you that I am a driven and hard working person. Thank you for making me who I am today.

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## CHAPTER 1

### INTRODUCTION

State legislators across the country are looking at universities to examine how state money is being spent. Many universities have seen cuts in state funding. Since the Great Recession in 2008, many state schools have not recovered the loss in the state subsidy (Mitchell, Leachman, & Masterson, 2017). As state support has dropped, many higher education universities are having to raise tuition to deal with the shortfall. Some states, such as Tennessee, Florida, and Michigan, are seeing an increase in state financial support. The fiscal support from states for higher education grew approximately 1.6% between fiscal years 2017 and 2018. However, many states have seen a decrease in state support, including North Dakota, Mississippi, and New Mexico (Seltzer, 2018). The growth from state support was the slowest it has been in recent years. Many state higher education institutions are struggling to survive. Due to the lack of the support from the state, universities are increasing tuition in order to fund their budget. However, state legislators are passing laws to see how universities are spending the state's money and the tuition money.

One area that state legislators use to see how universities are spending the state's money is a university's strategic plan. Strategic plans are important for universities because these plans show the future goals and objectives of a university. These plans can include goals for enrollment growth, student success, and fundraising growth. Each goal of a strategic plan is tied to the mission and vision of the university. Strategic plans can take several years for a higher education institution to develop. There are many stakeholders involved in the process and different analyses are conducted to see what the long-term goals of the institution are for the coming years. A strategic plan is a long-range plan that looks at an institution's priorities and

strategies for the future. When developing a strategic plan, an institution has to evaluate its environment, look at its major resources, identify and set appropriate goals, strategy development, the organizational structure, and the systems design of implementing the plan (Kotler & Murphy, 1981). In the strategic plan process, a resource analysis is conducted to determine if the plan can be implemented and what resources or funding may be needed to implement and continue the plan into the future.

The budget allocation process is generally set by the higher education institution each year. A university develops a calendar based on the state's deadlines and the university's deadline for the next fiscal year's budget. In this calendar, the budget allocation process is determined and the guidelines are developed. The budget guidelines include information regarding how a department goes about requesting funding for the next fiscal year (Barr & McClellan, 2011). After a department submits a budget proposal, it goes through the chain of approval. At some institutions, budget presentations or hearings may be held where the dean or vice president has to justify the various requests to the campus community. After the budget proposal is defended, a final decision is made and additional funds may be added to a department's budget for the following year if the request is funded. These budget proposals are generally tied to either a strategic plan, the university's mission, or an institutional effectiveness plan. Tying a university's strategic plan to its budget allocation process can show the legislators how a university is spending its money.

By tying a department's budget proposal to a university strategic plan, it communicates how the university is spending the money of the student and the state. Since the strategic plan is comprised of the goals of the university for the future, having budget proposals that are tied to the strategic plan, can help with the continued support of the university. Also, aligning the

strategic planning and budget allocation process is required in order for universities to be regionally accredited. According to the Southern Association of Colleges and Schools Commission on Colleges (SASCOC), a university's budget has to have sound planning (*The Principles of Accreditation: Foundation for Quality Enhancement*, 2018). Therefore, aligning the budget allocation process to a strategic plan shows how a university is spending their budget on items critical to the mission of the university.

### **Statement of the Problem**

Previous research has been conducted on the alignment of the budget process to the strategic plan at community colleges, specifically at rural and urban community colleges. In addition, research has been conducted at research universities. There has been little research conducted to determine how four-year, liberal arts universities align these two processes. Furthermore, universities have problems in aligning these two processes and this can be problematic for their regional accreditation. Because of the scrutiny many state universities are facing, this study helped determine how one university aligns these processes and could be used as a model for other universities in the future.

### **Research Questions**

The research questions for this study were determined after a review of previous research and similar studies conducted on this topic. The research questions originated from Smith's (2013) study of rural community colleges. The following were the research questions for this case study:

1. What was the process for preparing the strategic plan?
2. What is the budget allocation process?
3. How are the budget allocations established and prioritized?
4. How is the budget allocation process aligned to the strategic plan?

5. What are the administrative perceptions of the strategic plan and budget allocation processes?

### **Significance of the Study**

This study was significant because little research has been conducted on this topic in a university setting. Prior research has been conducted by Pagel (2011), Smith (2013), and Portmann (2017) on this topic but their research was conducted at community colleges. Pagel's research was conducted at an urban community college, while Smith's research was conducted at a rural community college. Portmann's research was conducted at a community college, as well, but the type of community college was not distinguished. Furthermore, prior research has been conducted at private universities, such as Rodas' (1998) study. This study was conducted at a state university where there has been little research conducted. Additionally, funding sources and the budget allocation process can differ for community colleges and universities. Many state legislatures are passing bills that allows them to understand how a university is spending the money of the state and students. This study may reveal how a state university is spending money by aligning the budget process to the university's strategic plan.

### **Definitions of Terms**

*Academic planning* – This type of planning includes academic curriculum, academic and student support services, and residence life (Hollowell, Middaugh, & Sibolski, 2006).

*Auxiliary budget* – The auxiliary budget is self-supporting and receives no funds from the institution (Barr & McClellan, 2011). It is comprised of revenue and expenses and must breakeven.

*Budget allocation (resource allocation)* – The process for allocating funds of the institution to departments. The types of budget include auxiliary, capital, and operating (Barr & McClellan,

2011). For purposes of this research, budget allocation and resource allocation are used interchangeably.

*Capital budget* – A capital budget is revenue and expenses over multiple fiscal years (Barr & McClellan, 2011). It is generally a large budget for new construction or maintenance and renovations of building.

*Facilities planning* – This type of planning includes new construction, renovation of facilities, demolishing of facilities, and property acquisitions (Hollowell et al., 2006).

*Financial or resource planning* – This type of planning includes personnel and fiscal resources (Hollowell et al., 2006).

*Locally governed institution (LGI)* – The Focus on College and University Success (FOCUS) Act created six independent governing boards for the Tennessee's six public universities. These six institutions are referred to as locally governed institutions (Barber, Chesley, & Flora, 2016).

*Operating budget* – The operating budget includes revenue and expenses from all sources for the given fiscal year (Barr & McClellan, 2011).

*Planning* – A term used to describe the different types of planning within an organization that include academic planning, facilities planning, financial planning, strategic planning, and general planning (Hollowell et al., 2006).

*Resource allocation* – See the definition for budget. For purposes of this study, resource allocation and budget allocation are used interchangeably.

*Restricted funds* – These are funds that are used for a specific purpose or have been gifted to an institution with specific guidelines (Barr & McClellan, 2011).

*Special funds budget* – This type of budget is for a specific purpose or program and can be called restricted funds (Barr & McClellan, 2011).

*Strategic planning* – Strategic planning is “the process of developing and maintaining a strategic fit between the organization and its changing marketing opportunities” (Kotler & Murphy, 1981, pg. 471).

*Unrestricted funds* – These are funds that do not have a specific purpose and can be used as an institution sees fit (Barr & McClellan, 2011).

### **Limitations and Delimitations**

This study was limited by appropriateness of the theoretical framework in determining the aligning of the strategic planning and budgeting process in that these constructs can be measured. It was assumed that the interview questions used for data collection were valid and reliable. It was also assumed that the methodology chosen adequately addressed the research questions. Furthermore, it was assumed that the themes that emerged from the results were appropriate and the technology used detected the differences in the themes that were present. It was assumed that the participants responded to the interview questions honestly and the sample was representative to the population. This study was limited to participants who chose to participate in the study. This study was also limited by usefulness of the results to the stakeholders.

This study was delimited to those who are budget managers at a four-year, state public higher education university. Only a limited number of the budget managers who met the qualifications for the study were chosen to be interviewed. The results may be generalizable to all budget managers at a four-year, state public university, but may not be generalizable to all budget managers across higher education.

## **Overview of the Study**

In Chapter One a brief introduction was given of the topic, the statement of the problem was described, the research questions were presented, the significance of the study was discussed, definition of terms were stated, and the delimitations and limitations of the study were presented. Chapter Two presents a literature review that includes a review of the literature for accreditation, strategic planning, the budgeting process, and aligning the strategic planning and budgeting process. Chapter Three presents the methodology for the study, along with the data collection and instrumentation used to collect the data. Chapter Four presents the results of the study through the emergent themes. Chapter Five presents a summary of the study findings, conclusions, and recommendations for further practice and future research.



## CHAPTER 2

### LITERATURE REVIEW

Over the last several years, the topics of strategic planning and budget allocation have become more widely known and evaluated. In higher education, institutions are having to develop strategic plans for their institutions every five to ten years. The budget allocation process for higher education is generally conducted every year depending on the funding that an institution receives. There are many higher education institutions that are trying to find ways to align the strategic planning and budget allocation process and be in compliance with the accreditation standards set forth for the institution. In this literature review, the accreditation process will be discussed along with the strategic planning and budget allocation processes. The literature review will end with literature on integrating the strategic planning and budget allocation processes.

#### **Accreditation**

The accreditation process has been around for decades and is a process that universities are familiar with; however, strategic planning and budget allocation are terms that universities are having to become more acquainted with. There are two main types of accreditation, which are institutional accreditation and programmatic accreditation. Institutional accreditation considers the university as a whole and evaluates a university's purpose to see if it is being met, whereas programmatic accreditation is geared towards a specific program, such as business or nursing (Head & Johnson, 2011). For purposes of this literature review, the focus will be on institutional accreditation. Institutional accreditation is important to a university for a variety of reasons, but the main reason is that it allows a university to receive federal funding.

The United States Department of Education and The Council for Higher Education (CHEA) recognize six higher education accreditation agencies for institutions, which are the following: Accrediting Commission for Community and Junior Colleges Western Association of Schools and Colleges, Middle States Commission on Higher Education, Higher Learning Commission, New England Association of Schools and Colleges Commission on Institutions of Higher Education, Southern Association of Schools and Colleges Commission on Colleges (SACSCOC), and WASC Senior College and University Commission (“2017-2018 Directory of CHEA-Recognized Organizations,” 2017). Each of these six accreditation agencies have their own standards that the institutions in their area have to comply with in order to be accredited. The accreditation section of the literature review will be a history of accreditation, history of SACSCOC, and SACSCOC’s role in the strategic planning and budget allocation process.

### **History of Accreditation in the United States**

Accreditation was started in the nineteenth century to place external control over institutions to insure the quality of education (Djuekeng, 2014; Dodd, 2004). The first institutional accreditation agency that was founded in 1885 was the New England Association of Schools and Colleges Commission on Institutions of Higher Education (Brittingham, 2009). It was followed by Middle States Association of Schools and Colleges in 1887 and then in 1895 the SACSCOC and North Central Association of Schools and Colleges were founded (Brittingham, 2009). The other two accreditation agencies were founded in the early 1900s. It was in the 1930s and 1940s when the North Central and Middle States accreditation agencies added an emphasis on improvement to the universities in its accreditation area. Then, Middle States was the first to add self-assessment and review by a peer group every ten years (Dodd, 2004). Self-

assessments and a review by a peer group every ten years has now been adopted by all six of the accreditation agencies.

There are three areas that stand out for accreditation in the United States. The first is that accreditation is not government regulated but is self-regulated and has a peer review system (Brittingham, 2009). This is due to the United States Constitution leaving education up to the states and the people. Furthermore, after World War II, the government relied more on accreditation agencies to tell them if an institution was qualified to receive federal funding due to the creation of the G.I. bill and other financial aid assistance programs. In 1965 the first Higher Education Act was passed and increased financial aid assistance programs and led to an increase in university enrollment. Secondly, accreditation is done by volunteers, which allows for little money to be spent. This also allows for other universities to know what their peer institutions are doing. Finally, accreditation allows for universities to self-assess themselves against a set of standards, help universities decide if they are meeting their mission statement, see areas of strengths and weaknesses, and develop an improvement plan (Brittingham, 2009). Accreditation has allowed universities to evaluate themselves based on standards to see where improvement is needed.

Even though accreditation agencies have existed for decades, the term accreditation was not used initially nor were there set standards. The role of accreditation agencies initially was to identify colleges to see if they were legitimate (Brittingham, 2009). It was not until the early 1900s when accreditation agencies began creating requirements for institutions to become a part of their agency. North Central was the first to develop the mission-oriented approach in 1934. The mission-oriented approach has been adopted by all six of the accreditation agencies today, along with the standards, a self-study, a peer review, and a decision made by the accrediting

commission who oversees the periodic review (Brittingham, 2009; Dodd, 2004). To be accredited by its' agency, a university has to complete and meet all standards and pass the peer-review. Each of the six agencies have their own standards; however, all of these agencies have standards on planning and budget allocation. For purposes of this literature review, the main accreditation agency that will be discussed is the Southern Association of Schools and Colleges Commission on Colleges (SACSCOC).

### **About the Southern Association of Schools and Colleges Commission on Colleges (SACSCOC)**

As stated previously, the Southern Association of Schools and Colleges Commission on Colleges (SACSCOC) was founded in 1895, making it the third oldest accreditation agency in the United States. SACSCOC is a regional accrediting body for 11 southern states in the United States and Latin America ("About the Commission," 2018). Institutions accredited by SACSCOC are granted the authority to award associate, baccalaureate, masters, or doctoral degrees. The Board of Trustees for SACSCOC is responsible for carrying out the accreditation process and is the representative body of the College Delegate Assembly ("About the Commission," 2018). In order for a higher education institution to be accredited by the Commission, the institution has to comply the with standards outline in the *Principles of Accreditation: Foundations for Quality Enhancement* and the policies outlined by the Commission.

### **SACSCOC's Role in Strategic Planning and Budget Allocation**

In 2017, SACSCOC published an updated list of standards that institutions have to be in compliance with in order to be accredited by SACSCOC. The publication, *Principles of Accreditation: Foundations for Quality Enhancement*, consists of principles of integrity, core

requirements, comprehensive standards, and federal requirements. There are three places where either strategic planning or resource allocation are mentioned specifically by name. In the first rationale and notes, it states that the decision making and planning processes at all levels needs to provide the basis for budgetary decisions and allocations. The first standard is core requirement 7.1, which states that an institution has to have an on-going evaluation process that reviews the institution's mission, goals, and outcomes, along with results for continuous improvement and demonstrate effectiveness through the university's mission (*Principles of Accreditation: Foundation for Quality Enhancement*, 2017).

The next standard, standard 7.2, evaluates the institution's Quality Enhancement plan to determine if it has identifiable and obtainable goals and an assessment plan, along with broad-based campus involvement (*Principles of Accreditation: Foundation for Quality Enhancement*, 2017). In the rationale and notes for this standard, the document states that the institution's Quality Enhancement plan or the strategic plan for the institution should address student learning and/or student success. If the institution does not address this, then the planning process may not be effective in fulfilling the mission of the institution. The third standard in which strategic planning is noted is standard 7.3, which states that administrative departments should have outcomes and demonstrate the achievement of these outcomes. The administrative departments should tie their departmental goals to the strategic goals of the institution in order to meet operational efficiency (*Principles of Accreditation: Foundation for Quality Enhancement*, 2017). Head and Johnson (2011) stated that the difference between a core requirement and comprehensive standard is that a core requirement is a foundational standard that every institution has to meet, whereas a comprehensive standard is one that is a good practice for all higher education institutions and universities are expected to still meet the standard. Although

there are only three standards that directly mention strategic planning or budget allocation, the impact of these two areas can be seen in almost all of the standards for accreditation.

### **Strategic Planning**

The term strategic planning is a fairly new concept, particularly in the higher education setting. However, many organizations have been planning for decades. A planning process in the business world and the higher education world are different. In a business setting, the goal is to improve profits. However, planning in higher education means looking at the mission and vision of the institution and seeing where the institution would want to be in the future. Planning can involve student success, enrollment growth, diversity, and other factors. The term strategic planning is used frequently in higher education. Strategic planning is still a new discipline and practice that did not emerge until the 1950s to 1970s (Dooris, Kelley, & Trainer, 2004). The strategic planning section of the literature review will consist of defining strategic planning, history of strategic planning, types of planning, and developing a strategic plan.

#### **Defining Strategic Planning**

The term strategic planning is described and defined differently by researchers. Barry (1998) described strategic planning as a process for an organization to determine what it intends to accomplish over a period of time and determining the best way to do this. Kotler and Murphy (1981) described strategic planning in higher education as an essential part of an organization's success. The researchers specifically defined strategic planning as "the process of developing and maintaining a strategic fit between the organization and its changing marketing opportunities" (Kotler & Murphy, 1981, pg. 471). Hollowell, Middaugh, and Sibolski (2006) described strategic planning as an institution setting its priorities to address critical importance matters without having a timeframe tied to the plan.

Strategic planning is different from operational planning or short term planning. Strategic planning can be seen as a chart that details the long-term directions and goals of an organization (Barry, 1998). Strategic plans are fluid and many organizations update the plan as they learn what is best for their organization. A strategic plan can be beneficial for an organization because it allows for an organization to identify the long term goals. It creates commitment and can improve the organization's problem-solving abilities when the focus of the organization is known (Barry, 1998). A strategic plan provides the framework for the university's future, creates better alignment of the university and its environment, and establishes goals and priorities for the institution (Fathi & Wilson, 2009).

Strategic planning has been used in the business sector for many years, but has just recently been used in higher education. Dooris et al. (2004) described the differences in strategic planning in higher education and the business world. In the business arena, strategic planning looks at market shares and improving profits, where as in higher education strategic planning looks at enrollment, facilities upgrades, and other impacts. Strategic planning is influenced by fluctuations in funding, institutional leadership, and other demographical changes. Strategic planning can either be successful or be ineffective depending on the amount of time put into the document (Dooris et al., 2004). Higher education institutions need strategic plans that are strong because of today's competitive environment (Edge, 2004). Edge (2004) believed that a strong strategic plan in higher education can be successful if the information technology office has a strong strategic plan because technology is rapidly changing. Strategic planning should be an ongoing process in which continual improvement occurs.

Due to reform occurring in many states, strategic planning is used as an effort to help aid this reform. Welsh, Nunez, and Petrosko (2005) conducted a study to examine the difference in

support by faculty and administrators at two and four year institutions. Administrators tend to support a strategic plan more than faculty due to academic administrators being the main ones who know the units and what their strengths and weaknesses are. The researchers found that administrators at both institutional types have more involvement, support, participation, decision making, and better implementation than faculty do (Welsh et al., 2005). In order for strategic planning to be successful, cultivation needs to occur between faculty and administrators (Welsh et al., 2005).

In Texas, strategic planning has become mandated for higher education institutions. Al-Garni (1997) found that even though Texas has mandated strategic planning, the performance of higher education organization has improved and the response has been positive from the mandate. Additionally, Al-Garni (1997) found that the success of strategic planning at the organizations depended on how committed the managers were to the process. Most managers were committed to the process and brought employees in to help identify the strengths and weaknesses of the organization, which in turn helped develop the plan.

Strategic planning is not just the vision and future plan for a higher education institution. Delprino (2013) described strategic planning as a way for an institution to bring change if the members are willing to carry out the planning process. The goal of strategic planning is to emphasize the member's performance. Due to state reform and mandates, many higher education institutions are having to develop a strategic plan. In order to develop a successful strategic plan, an understanding of the history of strategic planning and the differences between the various types of planning is helpful.



## **History of Strategic Planning**

Planning in higher education did not occur until the late 1950s and early 1960s (Norris & Poulton, 2010). During the 1950s there was traditional planning occurring that was less sophisticated; however, in the 1960s facilities and state planning began to occur (Norris & Poulton, 2010). Planning started occurring during this time due to an increase in enrollment and a different student population coming to campus. Planning was needed in order to meet the needs of the students. Strategic planning was originally focused on facilities and space planning, but that changed in 1959 when individuals met at Massachusetts Institute of Technology to discuss planning (Dooris et al., 2004). The individuals at this group founded the Society for College and University Planning (SCUP) in 1966 (Dooris et al., 2004). This organization is now known for its research and studies to help aid the various types of planning.

In the 1970s, there was a greater emphasis on technique than on application. This changed later in the decade when strategic management techniques emerged because universities wanted to understand growth and retention, instead of the expansion of the university (Norris & Poulton, 2010). Also, in the 1970s era, resource allocation became a priority due to the competing demands institutions were facing. By the 1980s, strategic management was beginning to be embraced by decision makers as a way to manage the environment through a focus on an execution of strategy. During the 1980s, there was a decrease in the number of traditional student learners in higher education, but an increase in adult learners. This encouraged university administrators to think beyond incremental solutions and to focus on a strategic planning approach. Additionally, master planning re-emerged with a focus on institutional effectiveness and program quality (Norris & Poulton, 2010).

In the early 1990s planning was seen as needed due to the economic impact of the recession. Higher education was being asked to control the cost, which saw growth in the Total Quality Management (TQM) and support for the Continuous Process Improvement (CPI) movement (Norris & Poulton, 2010). By the middle to late 1990s, higher education saw new technologies emerge and had to prepare for the use of these new systems. Strategic planning became mainstream and new strategies were being developed to keep current with the new technology leading higher education into the new century. With the new century, the 2000s, came the emergence of the Web and technology-based decade. Higher education had to show process improvement to the states in order to receive state funding due to the financial recession. During the 2000s, planning became a mindset and new strategies, such as sustainability and analytics, were used to help plan for the future of a university (Norris & Poulton, 2010). Today, strategic planning is still used in higher education and is seen as a way to show the mission, vision, and key strategies of the institution to constituents (Norris & Poulton, 2010).

### **Types of Planning**

There are several other types of planning besides strategic planning. The other types of planning include academic, financial or resources, and facilities planning. Each of these plans help form the strategic plan. These three types of planning and integration of planning will be discussed in this section.

**Academic Planning.** Academic planning is one type of planning. Norris and Poulton (2010) described how those in the academic setting are continuously planning for curriculum, course offerings, and strategies. These items help comprise an academic plan. Academic planning allows for successful institutional planning and strategy execution (Norris & Poulton, 2010). This type of planning is seen as the ground work for facilities and financial planning

(Hollowell et al., 2006). In order for the academic planning to be successful, a mission statement has to be strong and speak to what the central issues of the institution are. For academic planning to be successful at an institution, there has to be clear student learning outcomes through the institutional effectiveness assessment process (Hollowell et al., 2006).

**Financial or resource planning.** Financial or resource planning examines the allocation of human and fiscal resources in relation to the university's overall mission and objectives. (Hollowell et al., 2006). Financial planning begins with an assessment of the revenue streams. A university has to evaluate where the revenue streams are in the institution and where they contribute to the overall operating revenue of the institution. In addition to looking at revenue controls for financial planning, the expenditures have to be evaluated as well. When a university is conducting financial planning, the net tuition and tuition discount rate are examined to see where the institution is in comparison to other schools to determine if adjustments need to be made (Hollowell et al., 2006). In order for financial planning to be successful at an institution, management needs to be able to listen and communicate to the constituents the key financial elements of the organization (Cameron, Brimble, Knutsen, & Freudenberg, 2014).

Financial planning is important for higher education institutions, especially due to the external shifts and trends. Brinkman and Morgan (2010) discussed how environmental factors, such as perception, demographics, revenue streams, and philosophical assumptions, have played a role and need for financial planning. Financial planning allows a university to forecast its net tuition revenue, expenditures, financial reserves, and potential capital projects. In order for a financial plan to be successful there needs to be interaction with the strategic plan (Brinkman & Morgan, 2010). This interaction is needed in order for a successful strategic plan. A financial plan needs to be realistic in accordance with the funds that are available to the institution.

**Facilities Planning.** Facilities planning involves more than construction planning. Facilities planning can include a campus master plan, which is a plan that examines the mission and vision of the institution regarding land acquisitions, construction projects, and other facility related items (Hollowell et al., 2006). When developing a facilities and master plan, a higher education institution will evaluate the need for public-private partnerships in the near future (Storms, Miller, & Hall, 2017). A campus master plan can be updated as needed and is seen as a collegial exercise, as is facilities planning (Hollowell et al., 2006). The facilities planning process is the “physical embodiment of the institution’s mission” (Hollowell et al., 2006, pg. 53). Facilities planning examines the current buildings to see if these buildings support the mission. When it is decided that a new building is needed, consultation is needed with the academic plans and the financial plans.

**Integrating Planning.** Planning at an institution needs to be integrated regularly instead of infrequently. Haas (2015) discussed ways in which an institution can start integrating planning into its everyday work cycle. However, in order to conduct planning on a regular basis, an organizational change or mindset may need to occur. If an institution is provided the proper tools for planning, such as data sets, a planning office, data forecasts, and other essential planning tools, then the process can be done easier. In order for planning to be done at an institution, deadlines have to be set and adhered to and a committee may need to be put into place to evaluate the plans that are developed (Haas, 2015). By creating integrated plans for finance, academics, and facilities, it allows for the groups to talk with each other and see each other’s plans, which could be the same or similar.

## Developing a Strategic Plan

Developing a strategic plan can be done a variety of ways. There are several different models and approaches that can be used. Edge (2004) believed there are three questions that should be answered when developing a strategic plan, which are, “Where are we? Where do we want to be? How do we get there?” (pg. 42). If a strategic plan can answer these three questions, then the plan has a greater chance of being successful. The constituents of the organization are the ones who benefit from an effective strategic plan (Edge, 2004). Norris and Poulton (2010) described how an organization’s mission and vision need to be examined when developing a strategic plan. A threat analysis and an opportunity analysis should be done when developing a strategic plan as well (Kotler & Murphy, 1981). Additionally, a resource analysis should be conducted to see what the major resources of the organization are and to see the strengths and weaknesses of the resources. After the analyses are done, a GAP analysis should be done to see where there are differences between the university’s current and future state (Fathi & Wilson, 2009). These different types of analyses will allow for the strategic goals of the university to be developed.

One type of strategic planning model that can be used is the *Baldrige Excellence Builder*. This tool has been used in various organizational profiles to help develop core values and concepts (“Baldrige Excellence Builder,” 2017). Additionally, this tool allows for an organization to identify its strengths and opportunities where improvement is needed. This type of strategic planning model allows for an organization to address areas that need improvement and where it needs to build on its strengths. The *Baldrige Excellence Builder* studies an organization’s profile and then delves into topics such as workforce, leadership, and operations.

The results from the topics can then be used to help develop a plan. The *Baldrige Excellence Builder* is one tool that universities can use to help develop a strategic plan.

In a study conducted by Lillis and Lynch (2014), the researchers found that over a third of the Irish higher education institutions that it studied used a rational strategic planning model. This type of model encompasses a classical approach to strategic planning where an environmental scan is done and action plans are developed to form the objectives for the plan. A fifth of those studied used a scenario or alternative future plan for developing their strategic plan (Lillis & Lynch, 2014). Furthermore, McGuire (2011) described how an organization developed a strategic plan. The organization's strategic plan was developed through use of an environmental scan committee that met to discuss the challenges facing the organization and the employment profession in general (McGuire, 2011). After the challenges were identified, the planning and development committee heard from key constituents about key issues. After months of planning and identifying the organizations priorities, the strategic plan for the organization was developed (McGuire, 2011).

In addition, Azalia and Stein (2017) conducted a case study on strategic planning in the Pacific Alliance, which consists of Chile, Peru, Colombia and Mexico. This case study evaluated strategic planning in each country to see who was responsible for the strategic planning process. Identifying a key office or position for strategic planning is key to a plan's success. Additionally, Azalia and Stein (2017) identified five factors for an effective strategic plan. These factors include social process, future orientation, challenge status quo, approach to the future, and analysis of critical uncertainties. Strategic planning can be successful by including these factors and through assessing the plan for its effectiveness.

## **Budget Allocation**

Budget allocation in higher education has been under scrutiny by both state and federal governments for the last several years. Higher education institutions have seen a significant decrease in state funding from 45.1% in 1985 to 35.8% in 1999 (Santos, 2007). This 21% decrease in a 15 year time period has had a big impact on many universities across the country. In order for higher education to maintain their revenue, tuition and fees have increased and there has been an increase in the private gifts and grant contracts an institution receives. Due to the fluctuation in the money that an institution receives, many higher education institutions have been examining how they allocate their resources. Budget allocation used to be based on faculty performance but when the budget crisis occurred between 2001 and 2010, universities had to take another look at ways in which resources could be allocated (Santos, 2007). Many universities are taking a data driven approach for allocating their resources now. In the budget allocation section of the literature review state funding for higher education, revenues and expenses in higher education, types of budgets, and budget models will be discussed.

### **State Funding for Higher Education**

Each state provides funding to higher education institutions differently. Many states over the last decade have been switching to a performance-based budgeting model to award state funding to higher education institutions. This type of funding model is based on an institution's performance for select indicators and rewarding resources to the performance levels that are met (Schmidtlein, 1999). The state of Tennessee was the first state to begin performance-based funding in 1979 (Schmidtlein, 1999). Research conducted by Schmidtlein (1999) addressed the assumptions of performance-based funding; however, the researcher believed that this type of funding was a fad to help reform and that it would not last long. The state of Tennessee still uses

performance-based funding along with 31 other states (“Performance-based Funding for Higher Education,” 2015). Performance-based funding from the state allows for higher education institutions to spend the funds on what is needed instead of placing restrictions on these funds (Ziegele & Riske, 2013).

In addition, performance funding rewards higher education when they meet specific objectives (Ziegele & Riske, 2013). The benefit of states using this type of funding model is that it can help an institution align its mission to the goals of the state and data can be used to monitor key metrics, such as student performance and retention (“Improving Postsecondary Education through the Budget Process: Challenges & Opportunities,” 2013). Performance-based budgeting allows for funding from the state to be based on performance outcomes instead of traditional workload outcomes or output measures (“Improving Postsecondary Education through the Budget Process: Challenges & Opportunities,” 2013). However, performance-based funding can create competition among state institutions because higher education institutions are competing for one pot of money (Ziegele & Riske, 2013).

In a study conducted by Melkers and Willoughby (1998), the researchers found that only three states were not using performance-based funding to award state dollars to higher education institutions. In addition, it was found that many states tied their performance-based budgeting to strategic planning and other targeted themes. Melkers and Willoughby (1998) believed that tying the budgeting model to the strategic planning activities would help aid the strategic planning process at the universities and would promote implementation of this budget model. Additionally, Reddick (2007) found that many states take a hybrid approach to their resource allocation. The study conducted by Reddick (2007) found that many states use a performance-



based budgeting model for some areas such as education and corrections but incremental or zero-based budget allocation for police and other state offices.

Higher education institutions that are public generally receive funding from the state, while private institutions do not. In a study conducted by Carol, Schuh, Huba, and Shelley (2004), the researchers found that higher education institutions are heavily funded through state appropriations, tuition and fees, and local appropriations. When appropriations are low, there is a tendency for higher education institutions to raise tuition in order to cover the deficit (Carol et al., 2004). For private institutions, the only support the institution receives is through tuition and fees. These schools also receive support through donors and grants. Receiving funding from the state, allows higher education institutions to not have to raise tuition to an unnecessary rate to fund the budget (Carol et al., 2004).

### **Revenue and Expenses in Higher Education**

A university's budget is comprised of revenues and expenses. The two largest sources of revenue for higher education are state dollars and federal funds (*A Guidebook on State Budgeting for Higher Education*, 2015). The revenue for state dollars is through state appropriations or grants and contracts from the state. The revenue received from the federal government is for student financial aid, such as grants, loans, and work study. Another revenue source for higher education is tuition. Due to the decline in state funding over the last several years, many universities rely on funding from tuition revenue even though this does not cover the full cost of instruction (*A Guidebook on State Budgeting for Higher Education*, 2015).

The main expense in higher education is on instruction and related activities (*A Guidebook on State Budgeting for Higher Education*, 2015). These costs include salaries for instruction and student support, employee benefits, and other operational costs. Even though

revenue streams can vary in higher education, the spending for higher education is similar across all higher education types (*A Guidebook on State Budgeting for Higher Education*, 2015).

Inflation is the primary cost driver for higher education. These revenues and expenses comprise the different types of budgets that are found in higher education.

### **Types of Budgets**

There are four common budgets that higher education institution have, including operating, capital, auxiliary, and special funds budget. Each of these budgets is comprised of revenue and expenses. Additionally, each of these budgets is based on a fiscal year.

**Operating budget.** The operating budget is the main budget of the institution (Barr & McClellan, 2011). It is where salaries, benefits, supplies, and other expenses are generally paid. The money in this budget must be spent in the given fiscal year. Operating budgets can include restricted and unrestricted funds. The cash flow and reserves of the institution can be found in the operating budget (Barr & McClellan, 2011). A university's policies can dictate what is in the operating budget.

**Capital budget.** A capital budget is comprised of revenues and expenses for large projects, such as construction or maintenance repairs (Barr & McClellan, 2011). The capital budget is for new buildings, roof repairs, or electrical repairs. Some higher education institutions have capital budgets for fleet vehicles and technology replacement (Barr & McClellan, 2011). A capital budget is generally a large budget for larger projects.

**Auxiliary budget.** A unit that is an auxiliary is self-supporting and self-sustaining. This means that the budget for an auxiliary receives no support from the institution (Barr & McClellan, 2011). An auxiliary unit can be charged for the utilities used and other expenses, such as salaries. These units normally have a revenue stream to help with the charges. An

auxiliary unit in higher education can be campus housing, university recreation, and the campus bookstore. There may be some units in higher education that take a blended approach of an auxiliary (Barr & McClellan, 2011).

**Special funds budget.** Special fund budgets are budgets for specific purposes or programs (Barr & McClellan, 2011). These budgets are generally for grants or endowments to the university. The budget has a specific purpose and is classified as restricted. This means that the budget can only be spent on the guidelines specified by the donor or grantee (Barr & McClellan, 2011). These types of budgets may also include indirect costs, which are paid to a university for overhead expenses, such as payroll.

### **Budget Models**

A budget model can help stakeholders with the financial realities that face an institution and can serve as a way to build up a weak strategic plan (Workman, 2016). There are several types of budget models that institutions use for budgeting. These models include incremental, performance or incentive based, responsibility centered management or budgeting, zero-based budgeting, or a hybrid model that combines two of the budget models mentioned.

**Incremental budgeting model.** Incremental budgeting starts with the base budget and is adjusted based on operational costs (*A Guidebook on State Budgeting for Higher Education*, 2015). Incremental budgeting is the oldest type of budget model and is the most frequently used due to its efficiency (Zierdt, 2009). This explains why 60% of higher education institutions use this type of budgeting model (*A Guidebook on State Budgeting for Higher Education*, 2015). Incremental budgeting is used to help simplify decision making that may appear complex in regards to budget allocation (Ibrahim & Proctor, 1992).

**Performance or incentive based budgeting model.** Performance or incentive based budgeting is linked to the strategic priorities and performance goals of an institution. Only 20% of institutions use this type of budgeting (*A Guidebook on State Budgeting for Higher Education*, 2015). Incentive based budgeting is normally bottom up planning, while performance is centrally based planning (Lang, 2016). This type of budgeting model is similar to what states use when funding higher education.

**Responsibility centered management or budgeting model.** Responsibility centered budgeting began to be seen more in the 1970s at research intensive universities when these universities decided to experiment with a new budget model (Deering & Lang, 2017). Responsibility centered management is unique and allows departments to control their revenue and expenses with indirect costs charged to the department for space and other campus needs (*A Guidebook on State Budgeting for Higher Education*, 2015). This type of budgeting is a calculation based off the revenue that is normally generated by an academic department (Lang, 1999). This revenue can include tuition and fees and gifts from the endowment. A percentage of the revenue is the base for the budget that is available to a specific unit (Lang, 1999). Only 14% of institutions report using this type of budgeting (*A Guidebook on State Budgeting for Higher Education*, 2015). This type of budgeting has been an emerging trend for budget models; however, it does reduce central control and discretionary resources (Workman, 2016). Furthermore, there are limitations to this type of budgeting model, including transition costs, possible turnover in staff after the adoption of this type of model, and difficulty funding strategic initiatives for the institution (Attis, Rosch, Jin, & Ho, 2014). Due to the scrutiny of this budget model, many institutions are using a hybrid version of the model.

**Zero-based budgeting.** Zero-based budgeting is believed to have begun around 1892 (Burrows & Syme, 2000). This type of budgeting takes an institution's budget from scratch each budget cycle and justifications have to be given for each budget component (*A Guidebook on State Budgeting for Higher Education*, 2015). Only 30% of institutions reported using this type of model (*A Guidebook on State Budgeting for Higher Education*, 2015). Zero-based budgeting is described as being a difficult budget model because each budget cycle starts from scratch ("Understanding budgeting: Part II zero-based and activity-based budgeting models," 2004). In addition, this budget model is not flexible and is difficult when unplanned situations arise that need money to fix ("Understanding budgeting: Part II zero-based and activity-based budgeting models," 2004). However, this type of budgeting can give the manager the power to make better informed decisions and connects the budget allocation process to particular results (Wilhelmi & Kleiner, 1995).

**Hybrid budget model.** Many universities use a hybrid approach to the budget models mentioned to allocate revenue (Gonzalez, 2011). The hybrid models are generally a combination of zero-based budgeting and responsibility centered management or budgeting. A university has to decide what the best budget model is for them and can be based on the strategic plan or other factors.

### **Integrating the Strategic Planning and Budget Allocation Processes**

Due to the scrutiny that higher education is facing at the state and federal government level, many institutions are trying to integrate their strategic planning and budget allocation process. Legislatures want to examine how the state's money is being spent on students. To examine this, a university needs to demonstrate the money being spent on the strategic plan. Integrating the strategic planning process and budget allocation process can be difficult and time

consuming. However, aligning the processes can be beneficial for an institution. This section of the literature review will discuss the integration of the strategic planning and budget allocation process by evaluating previous research on this topic.

There have been several studies conducted on integrating the planning process and budget allocation process at community colleges. Pagel (2011), Smith (2013), and Portmann (2017) each conducted studies at community colleges and found similar results. Pagel (2011) found that the integration of the strategic planning and resource allocation processes involves leadership, planning and support, communication, and linking the planning and resource allocation processes through a synchronized process. Similarly, Smith (2013) found that in order for the processes to be successful there needs to be strong leadership, a clear strategic plan, stakeholder buy in, and support for funding the plan. When Portmann (2017) conducted a similar study, four themes emerged from the research, leadership, resource allocation, communication, and strategic goal alignment, which are similar to the results that Pagel (2011) and Smith (2013) found in their studies.

Additional studies on the integration of strategic planning and the resource allocation processes have been done in a university setting. Phelps (1996) studied three universities to see how the universities had integrated the budget and planning processes. Phelps (1996) found that having a strong strategic plan that related to the mission helped. Additionally, integration of the budget with the goals of the strategic plan helped in aiding the process. Communication with key constituents and strong action plans that have budget request tied to them was found to be one of key ways to integrate strategic planning and the budgeting process (Phelps, 1996). Furthermore, Rodas (1998) conducted a study regarding the resource allocation process in six private research universities. The researcher found that the resource allocation process at many

of these universities were linked to the university priorities. In addition, Holwick (2009) studied a university that had been aligning the strategic planning and budget allocation process for six years. The researcher found that the campus community was embracing the integration of the two and an assessment was occurring of the items that had been funded (Holwick, 2009).

Integrating the strategic planning process and the budget process is beneficial. When a department ties the budget allocation to the overall strategic plan, then the decisions for administration can be easier and it incentivizes faculty and staff (Childress, 2015). Having a strategic plan that is tied to the budget cycle, allows the strategic plan to be implemented and creates a culture where faculty and staff see that budget requests tied to the strategic plan are funded, which means that the time and energy put into planning pays off (Brinkman & Morgan, 2010). By linking the two processes, there is better coordination of an organization's goals with the budget in mind, which can make planning for the future easier for a university (Grisold, 1995). However, based on the research presented, in order for there to be a successful integration of the strategic plan and the budget allocation processes, communication, strong leadership, and a strategic plan need to be in place for the processes to be successfully integrated.

### **Historical Setting**

This study was conducted at a liberal arts university in the south, Beta University, which is a pseudonym. Beta University developed a comprehensive ten year strategic plan in 2015. Many stakeholders were involved in the development of the strategic plan, including the senior leadership team, president's cabinet, and the strategic planning steering committee. The senior leadership team was composed of the president, vice presidents, and several of the president's direct reports. The president's cabinet was comprised of the president, vice presidents, and the vice presidents' direct reports, faculty senate president, staff senate president, and the deans. The

strategic planning steering committee was comprised of the president, vice presidents, deans, and other key stakeholders. When the study was conducted at Beta University, the strategic plan was in its third year.

At Beta University, the budget allocation process is driven by a vice president's division with the president and Board of Trustees being the ultimate approving authority. The budget allocation process at Beta University involved the senior leadership team, president's cabinet, and the budget advisory task force. The budget advisory task force was comprised of the president, vice presidents, four faculty members from faculty senate, staff senate president, and the director of budgets and financial planning. When the study was conducted at Beta University, the budget allocation process for fiscal year 2020 had not been started. This study evaluated the budget allocation process at Beta University for fiscal year 2019.

### **Conclusion**

The literature presented in this chapter detailed the accreditation process, strategic planning process, budget allocation, and integration of strategic planning and the budget allocation process. This study may provide insight into how a university aligns the strategic planning and budget allocation processes. As noted in this chapter, much of the previous research that has been conducted on integrating strategic planning and the budget allocation processes was previously conducted at community colleges or research intensive universities. Chapter Three will discuss the methodology for this study based.



## CHAPTER 3

### RESEARCH METHODOLOGY

For this study, a case study design was used. According to McMillan and Schumacher (2010), case studies use multiple sets of data in a setting to study a particular case over time. Yin (2003) believed case studies were used when a researcher wanted to deliberately cover contextual conditions. These conditions would need to be important to the phenomenon of the study. Furthermore, a case study is used frequently in research because of interest, uniqueness, and commonality (Yin, 2003). Data for this study was collected through interviews and document analysis.

The purpose of this qualitative study was to determine how a university aligns the budget allocation process to the strategic plan process. The themes that emerged from the interviews were used to analyze how the university has aligned the strategic plan and budget allocation process. The research questions for this study were determined after a review of previous research and similar studies conducted on this topic. The research questions originated from Smith's (2013) study of rural community colleges. The following were the research questions for this case study:

1. What was the process for preparing the strategic plan?
2. What is the budget allocation process?
3. How are the budget allocations established and prioritized?
4. How is the budget allocation process aligned to the strategic plan?
5. What are the administrative perceptions of the strategic plan and budget allocation processes?

## Qualitative Research

A qualitative study was chosen because this study will focus on gathering information that is in word form as compared to numbers. Additionally, the information is based on individual experiences. This study focused on one university and an in-depth analysis through interviews and document review was conducted. A qualitative case study approach was chosen because the research is focused on a single entity and it involves two types of data collections (McMillan & Schumacher, 2010). Furthermore, using a qualitative case study approach allows for a variety of data sources to be used in context of the phenomenon being studied (Yin, 2003). Using this approach allows for there to be multiple aspects revealed through the research instead of a single aspect.

Case studies allow for complex issues to be studied because the method allows researchers to retain the characteristics of real-life events (Yin, 2003). There are six possible sources that Yin (2003) suggests as evidence for case studies: archival records, documents, interview, participant-observation, direct observation, and physical artifacts. The data collection and analysis need to be developed together because it strengthens the theory development and allows for grounded empirical evidence (Hartley, 2004). The data then can be organized based on themes, topics, or questions. The final step was to examine how the data answers the research questions.

This study used interviews and a document review of items publicly accessible, including the strategic planning documents, budget allocation documents, and PowerPoints from meetings regarding the budget allocation process. The interviews with those involved in the strategic planning and budgeting process at the university and analyzing the data allows for the study to be objective and assists in protecting the study from potential bias of the researcher, who used to

work closely with the budget allocation process. By having an objective case study, key themes will be emerge from the process.

A purposeful based sampling method was used for the data collection. This sampling method was chosen because McMillan and Schumacher (2010) state that this sampling method is often used because the sample is likely to be knowledgeable and informative about the phenomena the researcher is studying. The individuals asked to participate in the study were involved in the strategic planning and budget allocation process at the university. Participants in this study were knowledgeable about the subject matter and were viewed as experts in the strategic planning and budget processes.

### **Sample**

The participants involved in this study were individuals who were on the senior leadership team, president's cabinet, and strategic plan steering team. These participants were involved in the development of the strategic plan and the budget process. The participating university for this study, Beta University, is a pseudonym. Participants are both male and female. The interviews were conducted one-on-one with the researcher.

### **Data Collection**

Prior to beginning the research for this study, permission to conduct the research was obtained from the Institutional Review Board (IRB) of East Tennessee State University.

The data for this study was collected through face-to-face interviews with the 13 participants. The interviews were standardized open-ended interviews. The interview questions derived from previous research conducted by Smith (2013) at a community college. The researcher gained permission from Smith to use the research questions and adapt the questions for this study (Appendix A). The interviews were recorded and transcribed. The researcher

gained consent, per IRB requirements, from the participants to participate in the study. This data source was used because the questions were chosen in advance of the interview. Additionally, the exact wording of the questions and the sequence was the same for each person interviewed (McMillan & Schumacher, 2010). To ensure human safety during the interviews, the individuals were allowed to stop the interview at any point. There was no anticipated harm to humans for this study. In order to alleviate ethical issues, participants were told that their interview was confidential.

Additionally, a document review of the strategic plan and budget processes was reviewed and used as sources of data for the study. Data were collected through documents given to the researcher by the participants and information that was publicly available online. A document review guide was used (Appendix C). The documents included the strategic plan, budget allocation documents, minutes from faculty senate meetings, and PowerPoints from the Budget Advisory Task Force. The collection of documents allowed for additional information to be provided to the researcher on the topic and provided triangulation for the study.

### **Data Analysis**

Before the data was analyzed, the researcher transcribed the interviews from the recorded sessions and reviewed the documents collected. The data collected for this study followed the case study design where the collected data was analyzed on a case-by-case basis for themes (Braun & Clarke, 2006). The researcher followed the guidelines established by Braun and Clarke (2006) for the thematic analysis, which were to “familiarize yourself with your data, generate initial codes, search for themes, review themes, define and name themes, and produce the report” (p. 87). The initial review of the documents and interviews were categorized. After the data was categorized, the research questions were examined to build the code mapping for

the themes. The data was re-examined to maintain consistency and to ensure all themes are present.

## **Trustworthiness**

### **Credibility**

In order to maintain credibility and reduce bias in the study, the same questions were asked of each participant. Additionally, formal collaboration of initial findings occurred in order to ensure that the themes that are found have not been by bias of the researcher (McMillan & Schumacher, 2010). The researcher also was knowledgeable about the budget allocation process and the strategic plan at Beta University. Triangulation for the study also occurred for credibility of the study with the main form of the data were collected through interviews with a secondary source being data collected from participants and publicly accessible online.

### **Transferability**

Purposeful sampling was used for this study to preserve transferability for future studies (Nowell, Norris, White, & Moules, 2017). Purposeful sampling was chosen because participants were knowledgeable about the subject matter that was being studied. In addition, a detailed description of Beta University and the study has been provided for future studies.

### **Dependability**

To ensure dependability, the researcher clearly documented the study by providing the interview questions and document review guide in the appendices. An audit trail of the study was done for future researchers to understand the decisions and choices made by the researcher (Nowell et al., 2017). Triangulation was also used to ensure dependability. The participants were asked to review their transcript from the interview and provide corrections as needed.

Furthermore, after the results were coded, the researcher re-coded the results to maintain dependability of the study.

### **Confirmability**

In order to maintain confirmability of the study, triangulation was used. Triangulation is a way of verifying the data being reported in the study (Yin, 2011). The interviews were recorded and participants were asked to review the transcripts. Furthermore, the document review was used to validate the information that was received from the interviews.

### **Summary**

This study employed a case study design in order to identify the themes of the alignment of the budget allocation process to the strategic plan through interviews. Additionally, the document review of the strategic plan and budget allocation processes was used to see if themes emerged. Chapter Four of this study discusses the results found from the research and Chapter Five is a discussion of the findings and recommendations for future studies.

## CHAPTER 4

### ANALYSIS OF THE DATA

When universities align the budget process to their strategic plan, state legislatures have a better understanding of what universities are spending state and tax payers' money on. Previous research has been conducted on the alignment of the budget process to the strategic plan at community colleges, but there has been little research conducted to determine how four-year universities align these two processes. Because of the scrutiny many state universities are facing, this study helped determine how Beta University aligns these processes and could be used as a model for other universities in the future. The purpose of this qualitative study was to determine how a university aligns the budget allocation process to the strategic plan process. The three themes that emerged from the interviews were used to analyze how the university has aligned the strategic plan and budget allocation process.

#### **Data Collection**

Prior to beginning the research for this study, permission to conduct the research was obtained from the Institutional Review Board (IRB) of East Tennessee State University and Beta University.

The data for this study was collected through face-to-face interviews with the 13 participants. The interviews were standardized open-ended interviews. The interview questions derived from previous research conducted by Smith (2013) at a community college. The researcher gained permission from Smith to use the research questions and adapt the questions for this study (Appendix A). The interviews were recorded and transcribed. The researcher gained consent, per IRB requirements, from the participants to participate in the study. This data source was used because the questions were chosen in advance of the interview. Additionally,

the exact wording of the questions and the sequence was the same for each person interviewed (McMillan & Schumacher, 2010). To ensure human safety during the interviews, the individuals were allowed to stop the interview at any point. There was no anticipated harm to humans for this study. In order to alleviate ethical issues, participants were told that their interview was confidential.

Additionally, data was collected through documents given to the researcher by the participants and information that was publicly available online. A document review guide was used (Appendix C). The documents included the strategic plan, budget allocation documents, minutes from faculty senate meetings, and PowerPoints from the Budget Advisory Task Force. The collection of documents allowed for additional information to be provided to the researcher on the topic and provided triangulation for the study.

### **Participants**

The participants involved in this study were individuals who were on the senior leadership team, president's cabinet, and strategic plan steering team. These participants were involved in the development of the strategic plan and the budget process. The participating university for this study, Beta University, is a pseudonym. Participants are both male and female. The participants were invited to contribute in the interview. The interviews were conducted one-on-one with the researcher. Additionally, a document review of the strategic plan and budget processes was reviewed and used as sources of data for the study.

### **Research Questions**

#### **Research Question 1**

*What was the process for preparing the strategic plan?*



All 13 participants reported that the strategic planning process was an inclusive process that involved the campus community. There were town hall meetings and workbooks that individuals completed to help develop the strategic planning goals. Participant 2 stated:

We created a workbook that was given to pretty much everybody on campus...allowed them to look at their area, provide feedback, due general SWOT analysis, establish some values for their unit, and to look at their possible goals related to a strategic plan.

Participant 2 also stated that town hall meetings were held to gather feedback. Participant 13 stated:

There was a form that each academic department and office had to fill out based on a template that included their goals and priorities.

## **Research Question 2**

*What is the budget allocation process?*

Nine out of 13 study participants described the budget allocation process for their area or unit.

Participant 7 stated:

We collect requests from the campus community for increases to their existing base budgets and we also request what they might need as one-time funding for certain one-time initiatives and also things that they would consider mandatory... when the budget requests are submitted they are submitted by the departments and they go through their deans and then to the vice presidents. The vice presidents prioritize their requests and then they bring their top priorities forward to the executive leadership team.

Participant 9 reported:

Well what happens is I meet with the chairs, who I hope are meeting with the faculty in their department. They put forward their budget priorities and justifications for it. I put together from that from what I get from the chairs. We are usually asked for our top five budgetary requests

### **Research Question 3**

*How are the budget allocations established and prioritized?*

Five out of 13 participants stated that data is used to help establish their budget allocations. Participant 8 stated how data is used to justify their request by stating:

This is what we are spending our money on and this is how many students have benefited from those programs. We've tried to tie it in to our budget request. In order for us to justify money, we have to tie in actual usage or how it is going to benefit the students.

Participant 7 stated:

In addition, they are supposed to provide justification for that requests, which should include data that supports that request.

There were other ways mentioned for how budget allocations are established and prioritized. For instance, participant 2 stated:

Budget priorities often go to mandated requirements first and then we start looking at innovation.

### **Research Question 4**

*How is the budget allocation process aligned to the strategic plan?*

All 13 study participants stated that the budget proposals had to be tied to the strategic plan. Participant 3 stated:

We require every request has to tie to a strategic planning goal.

Participant 6 stated:

In our last budget requests, we did have to put down which goal number.

Participant 9 reported:

We are usually asked for our top five budgetary requests and we align them to the strategic plan.

### **Research Question 5**

*What are the administrative perceptions of the strategic plan and budget allocation processes?*

Eleven out of 13 participants viewed the strategic plan process favorably. Participant 1 stated:

If you're [Beta University] employee and you don't know what the strategic plan is, you haven't been listening, frankly.

Participant 2 stated:

I think it depends on which level you are...I don't think that anyone thinks that it is not happening, but I think that everyone's understanding of it is probably relegated to where they are in those levels.

Participant 5 reported:

In general, I think that having a strategic plan rather than not having a strategic plan is something that everyone probably prefers. At least they know what the main goals of the institution are and what we need to do in order to achieve those goals.

Participant 10 stated:

By and large as I went around to talk to the group and to talk with them individually, everybody likes the plan.

Four out of the 13 participants viewed the budget allocation process unfavorably.

Participant 6 reported:

Then the budgeting process, why do I go through all of this work putting in my budget requests when I know I'm not going to get them. That's why I think we need to know or have a set of expectations. Maybe even say we are going to have about this dollar amount for it or take it away from budget and don't let it be just budget request. Make it be these are my goals for this year and do I need money for it. I think that would be really good. Or set expectations on the budget request and say we are only going to have a small amount of money so make sure it is something that is going to be impactful towards the strategic plan and just go with those.

Participant 13 stated:

I don't think anyone expects that all budget requests will get approved. We do not have an unlimited pot of money and we never will no matter what kind of organization or institution you have. I think everybody understands that but when no budget requests from an office or a division appear to get approved or maybe one out of fifty, then it seems to be an exercise. Voice is important. An exercise that allows people to express their voice and submit their requests and have it on the record is important. I'm not saying that it shouldn't occur, but the perception can sometimes be what's the point. I'm being very frank.

Participants noted that the budget process decision could be more transparent and that better communication is needed to report what requests are being funded.

### **Document Review**

A document review was conducted that included the strategic plan, budget allocation documents, minutes from faculty senate meetings, and PowerPoints from the Budget Advisory Task Force. A document review guide was used and can be found in Appendix B.

### **Strategic Plan**

Beta University's strategic plan was accessible online. The strategic plan detailed how it was developed and a timeline for the plan was present. A strengths and opportunities analysis was conducted with internal and external stakeholders. In addition, a survey was sent to the campus community to gather feedback. Information to develop the strategic plan was also gathered through meetings with key stakeholders. An economic analysis of the region was also conducted and used in the development of the university's core values and goals. The strategic plan detailed the goals, goal priorities, and objectives of Beta University. The plan also discusses the institutional effectiveness process and the role the Budget Advisory Task Force played in the planning process. The members of the Strategic Planning Steering Committee are listed in the strategic plan.

A part of the strategic planning website contained the workbooks that departments and units completed. The departments and units were asked to identify their core values and develop goals based on those values. Unites were asked to complete strengths, weaknesses, opportunities, and threat (SWOT) analysis. The department heads had a separate workbook to complete where they created core values and goals based on their units submission. Furthermore, the department heads had to complete SWOT analyses and a GAP analysis to

develop action plans. The department heads were asked to create cost estimates based on the goals and objectives that were developed and had to create an assessment plan.

### **Budget Allocation Documents**

The budget briefing presentations for fiscal year 2018-2019 are accessible on Beta University's budget website. Five of the 19 presentations were viewed. It was found that all of the presentations included the department's accomplishments, which were tied to the University's strategic plan. Three of the departments viewed discussed their challenges and three also used data to support the justification for their budget request. All five of the presentations included budget requests that were tied to at least to Beta University's strategic plan goals. One presentation that was viewed tied the budget requests to the strategic plan's goal priorities instead of just one of the five strategic plan goals.

The researcher was also provided an Excel spreadsheet of all of the University department's budget requests, which was developed from the budget request form. The departments identified the frequency of the request (one-time or recurring), category of request (mandatory, operating, travel, or salaries), justification for request, whether the request supports an institution effectiveness, strategic plan goal priority the request aligns with, department's priority, dean or director's priority, and the vice president's priority. The researcher was informed by a participant of the study that the spreadsheet is shared with the dean/director for his/her priority. Once their priorities of the requests are established, the vice president reviews the spreadsheet and prioritizes the request. These requests are presented at the budget briefings. In order for the budget requests to be considered for funding, they must be tied to at least one strategic plan goal priority.

## **Minutes from Faculty Senate Meetings**

Beta University's Faculty Senate minutes are available online. Minutes from meetings that occurred in 2015 and 2016 were viewed because the strategic plan was discussed. The vice president that was spearheading the strategic planning effort discussed the process with faculty senate. The faculty senate was asked to provide feedback to the vice president's office at least twice. The minutes stated that the vice president wanted the process to be collaborative and wanted faculty involvement and participation in developing the plan. A town hall meeting was held with faculty senate, where a presentation was given of the final strategic plan. This meeting was another opportunity for faculty to provide input.

## **Budget Advisory Task Force PowerPoints**

The Budget Advisory Task Force PowerPoints are accessible on Beta University's website. Two PowerPoints were viewed. The first PowerPoint detailed the charges of the task force, detailed the new funding the University would receive, and provided the budget briefing schedule for the University. The second PowerPoint gave guidance on how much the University could raise student tuition and proposed the use of the new money that the University would be receiving. The proposed use of the money was aligned to the University's strategic plan.

## **Emergent Themes**

Based on the analysis of data, the following themes emerged from the alignment of the budget process to the strategic planning process, which were taken from the transcripts of the interviews.

### **Theme 1: Inclusive Process**

The first theme that emerged during the coding of transcripts was that the strategic planning and budget processes were an inclusive process. All 13 participants indicated that the

processes were inclusive through a collective, collaborative, and communicative process. Three of the 13 participants indicated as evidence by the quote that the strategic planning process was a “very grassroots” effort.

Seven of the participants stated that the strategic planning process was a collective process as evidence by the following quotes. Participant 2 stated:

We created a workbook that was given to pretty much everybody on campus...allowed them to look at their area, provide feedback, due general SWOT analysis, establish some values for their unit, and to look at their possible goals related to a strategic plan.

Participant 8 stated:

...we all came together collectively to talk about kind of where we envision the strategic plan going and we all had a part of the process, it was really encompassing each of those functional areas.

The following was also stated from Participant 8:

The overarching themes were decided collectively as a group.

Five of the participants stated that the budget process was a collective and collaborative process as evidence by the following quotes. Participant 5 stated:

Then we take all of the requests and have a group meeting to review and determine in some general way what is felt to be the highest priority for the division.

Participant 11 stated:

We're really fortunate our vice president brings everyone together and we sit there and we all present our needs. We have a chance to add our two sense worth



and vote. While that's uncomfortable, it's not based upon selling. It allows us to see mine are important and everyone else's is important, but what is really important and the big picture thing. It allows us to see and prioritize that.

Participant 5 stated:

It is not just any one person driving it. It falls within finance and administration as far as collecting and putting together the budget, but the decisions really are more of a collaborative type nature and involve a lot of conversation and discussion.

Many of the participants thought the strategic plan process was a collaborative process. Of the 13 participants, nine discussed how the processes were collaborative as evidenced in the following quote from Participant 12:

...really collaborative process....I'm impressed with how it touches people from the highest level of administration all the way to the folks that work facilities and grounds and those type of things. Everyone has a vested interest and piece in it. I think it's inclusive.

Participant 7 stated:

...but they also did involve the campus community. They involved the faculty senate, the staff senate. I would say the whole campus had some influence in deciding what the strategic planning goals were.

Participant 8 stated:

...inclusive process. There were so many people brought together to talk about it so that everyone would feel like that they had an ownership in the development of the plan.

When discussing how the processes were inclusive, participants noted that communication assisted in the process. Six of the 13 participants stated that even though communication was one of the strategic planning goals, there was continual communication about the strategic plan when it was being developed. For the budget process, three of the 13 participants stated the following:

My first few years it seemed like such a mystery budget like where did the money come from, how much money was there, that kind of thing...It's been a pretty transparent process. I don't feel like anything has been hidden. That's definitely been a real change in the last few years, which I think is good.

Participant 12 stated:

I think we have a more transparent budget process than we did in the past. As departments we're able at least once a year through the software and some other things to request funds.

The alignment of the budget process to the strategic plan was an inclusive process at Beta University. It involved the campus community and key stakeholders. This theme emerged because the process was a collective, collaborative, and communitive process.

## **Theme 2: Data Informed Decisions**

The second theme that emerged was data informed decisions. At Beta University, all of the budget request have to be tied to the strategic plan in order to receive funding, which was noted by all 13 participants. Five of the 13 participants noted that the budget requests are driven by data as evidenced by the following quote:

In addition, they are supposed to provide justification for that requests, which should include data that supports that request.

Participant 8 stated:

This is what we are spending our money on and this is how many students have benefited from those programs. We've tried to tie it in to our budget request. In order for us to justify money, we have to tie in actual usage or how it is going to benefit the students.

Participant 5 stated:

Whether it be how many travel claims that we process, how many accounts payable, how many payroll transactions, how many HR transactions, all of that can be collected and tracked and analyzed to determine the achievement of strategic goals and initiatives or even the allocation of budgetary resources.

Because Beta University, is tying budget request to the strategic plan, the strategic plan is helping drive the budget process. Seven of the 13 participants indicated that the strategic plan helps guide the decision process for committing new funding to units as demonstrated by the quotes. Participant 1 stated:

We make decisions on strategies based on the strategic plan.

Participant 7 stated:

Every request that is submitted has to demonstrate support of the strategic plan. I would say the strategic plan is very influential in the decision making process.

Beta University is aligning the budget process to the strategic plan by making data informed decisions to help advance the strategic plan.

### **Theme 3: Leadership Driven**

The final theme that emerged was that the aligning of the budget process to the strategic plan was driven by the leadership of Beta University. Eleven of the 13 participants stated that the

senior leadership team drove the strategic planning and budget processes at Beta University.

This is reflected in a statement by Participant 4:

Certainly, it looks to me like the senior leadership team is the primary driver from what is happening here, which is one interesting part of this with the structure that we have here.

Participant 5 stated:

It started somewhat at the top to get some general form to the strategic plan and from there it went out to the grassroots and involved a lot of individuals on campus.

Participant 8 stated:

I would say the senior leadership team because they tend to drive the process.

The participant also stated:

The senior leadership team are the people who make the budget presentations because they are the spokespersons or representatives for their respective divisions.

The participants also noted that deans, chairs, and directors were also involved in the process. Six of the 13 participants indicated other leadership involvement as evidence by the quotes. Participant 5 stated:

I think it goes all the way back down to the director level or department head level, especially in the academic arena.

Participant 3 stated:

It definitely involves at least to the director level.

Participant 7 stated:

Of course the executive leadership team is involved. The budget office. The deans and department chairs or budget managers, department heads.

Participant 1 stated:

I think the Strategic Planning Task Force has been more influential on that side. There are various leaders at Beta University, but the leadership from the directors to the senior leadership team is what drove the alignment of the budget process to the strategic plan.

### **Summary of Data Analysis**

In this research study, qualitative data was obtained through individual interviews and document reviews. The researcher read the transcripts from the interviews to gain an understanding of how Beta University had aligned the budget process to the strategic plan. Subsequent reading helped the researcher identify commonalities between the participants' responses. The researcher then identified common words that appeared more than once, which allowed themes to emerge from the qualitative data. The broad themes identified developed into three specific themes. A document review was conducted for triangulation of the results. The results of the study are analyzed and interpreted in Chapter Five.

## CHAPTER 5

### SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

The purpose of this qualitative study was to determine how a university aligns the budget allocation process to the strategic plan process. In Chapter One, the researcher provided a brief introduction of the topic, the statement of the problem, the research questions were presented, the significance of the study was discussed, definition of terms were stated, and the delimitations and limitations of the study were presented. Chapter Two presented a literature review on topics related to the research. Chapter Three presented the methodology for the study, along with the data collection and instrumentation used to collect the data. Chapter Four presented the results of the individual interviews and document review. The emergent themes derived from the research provided how the university had aligned the budget allocation process to the strategic plan, which aligns with the literature. In Chapter Five, a summary of the findings, conclusions, and recommendations for practice and future research are presented.

#### **Conclusions**

This case study evaluated how a university aligned the budget allocation process to the strategic plan. The qualitative research was based on the following research questions:

1. What was the process for preparing the strategic plan?
2. What is the budget allocation process?
3. How are the budget allocations established and prioritized?
4. How is the budget allocation process aligned to the strategic plan?
5. What are the administrative perceptions of the strategic plan and budget allocation processes?

In order to document characteristics of real life events based on how the university aligned the budget allocation process to the strategic plan, the researcher collected data from transcripts of face-to-face interviews (Yin, 2003). Data was also collected through a document review of Beta University's strategic plan, budget allocation documents, faculty senate minutes, and PowerPoints from the Budget Advisory Task Force. The findings and conclusions drawn from this case study may help other universities that are trying to align their budget allocation process to the strategic plan.

Implications for further research may help other universities learn best practices for aligning the budget allocation process to the strategic plan. The information from these implications for further research from this study could strengthen how a university aligns its budget allocation process to the strategic plan and could allow legislators to see more visibly what institutions are spending state money towards.

The conclusions from the emergent themes are presented in this section.

### **Theme 1: Inclusive Process**

All 13 participants stated that at Beta University the alignment of the budget allocation process to the strategic plan had been an inclusive process. The participants described the process as a collective, collaborative, and communicative process where the campus community was involved.

The data derived from these interviews clearly shows that in order for a university to align the budget allocation process to the strategic plan, there has to be an inclusive process where all stakeholders are involved. This was demonstrated in research conducted at community college by Pagel (2011), Smith (2013), and Portmann (2017). These researchers identified

communication as a key theme when aligning the budget allocation process to the strategic plans at community college. Smith (2013) also identified stakeholder buy in as being a key theme.

While this study was conducted at a university, communication was still found to be a sub-theme of the inclusive process theme, similar to Phelps (1996). Communication with key constituents is one of the key ways that Phelps (1996) found to integrate strategic planning and the budget process. By having an inclusive process, that includes communication, collaboration, and collective feedback, there is greater buy-in from the campus community in the processes.

## **Theme 2: Data Informed Decisions**

When committing new funding or making decisions at Beta University, seven of the 13 participants noted that data is used to make these decisions. Out of the 13 participants, all of them stated that the budget requests for new funding had to be tied to a strategic planning goal. Various data were used at Beta University to assist in making decisions.

At the community college Smith (2013) studied, the researcher found that there were data limitations due to limited availability. However, in a study conducted by Phelps (1996), the researcher found that strong action plans, which are a part of the strategic planning process, that have budget request tied to them is another way to integrate the budget allocation process to the strategic plan process. Rodas (1998) found that the budget requests process at six private universities were linked to the university's priorities. When departments tie their budget request to the strategic plan, then the decision for administration can be easier and it shows the university community what the long term plan if for the institution (Childress, 2015).

Research has also been conducted by the Education Advisory Board on how universities can become data informed institutions. Workman (2016) found one way for an institution to make data informed decisions is by changing an institution's budget model. Currently, Beta



University has an incremental budgeting model, which does not allow for them to incentivize departments. However, data are used by Beta University when committing new funding to departments.

### **Theme 3: Leadership Driven**

At Beta University, 11 of the 13 participants of the study stated that the senior leadership team drove the aligning of budget allocation process to the strategic plan. During the budget process at Beta University, all administrators have to present their budget request before the senior leadership team and the senior leadership team decides on committing new funding. In similar studies conducted by Pagel (2011), Smith (2013), and Portmann (2017), leadership was a key theme identified at community colleges. The president of Beta University was seen as being the driver of the process, with help from the senior leadership team and other administrators who are leaders in their areas.

### **Document Review**

Data were also collected through a document review of Beta University's strategic plan, budget allocation documents, faculty senate minutes, and PowerPoints from the Budget Advisory Task Force. The data from these documents revealed that the processes involved the campus community and key community stakeholders. At faculty senate meetings, members from the senior leadership team continually discussed the process with faculty and how they could be involved. Also, data was used in the budget allocation documents to help justify budget requests. Throughout all documents evaluated, leadership was seen as being the driver of the process. The document review confirmed the themes presented and was used to triangulate the results.

## **Recommendations for Further Practice**

Based on the findings from this study, the following recommendations for practice of aligning the budget allocation process to the strategic plan at Beta University:

1. The budget allocation process needs to be evaluated for transparency. After the budget requests are made and sent through the process, communication is lacking on what is funded. A communication plan needs to be developed and shared with the budget managers requesting funding that details the amount of money available, the institution's priorities for the future year, and a deadline that details when an individual will be notified if they have received funding.
2. Change the name of the budget hearings to annual review or report. At the budget hearings, administrators are presenting their accomplishments, challenges, goals for the following year, and budget requests. The term budget hearings does not encompass what the presentations are about.
3. Beta University needs to evaluate if a new budget model is needed to incentivize the departments. This new budget model would increase the use of data needed, but would also incentivize those departments who are seeing growth in enrollment and encourage those who are not. Many participants in the study discussed the opportunity of having a new budget model that assisted in funding the strategic plan.
4. If Beta University is committed to the strategic plan, it is recommended to create pools of money for the goals of the strategic plan that are a priority to the institution for that year. For example, if enrollment and student success are the two priorities, then a percent of the funding needs to be split between these two priorities and budget requests for these areas will have a possibility of being funded. This needs to be communicated to campus,

though. Also, a small pool of 10 to 20 percent needs to be held for the other three strategic planning goals because there may be important budget request from these areas.

5. The strategic plan needs to be assessed to see if changes are needed. Beta University is in the third year of its strategic plan, which is the assessment year. The administration needs to decide if some of the goal priorities have been met and if changes are needed. The Board of Beta University also needs to be involved in the process. Once the assessment is conducted of the strategic plan, if there are any changes to the plan, these need to be communicated to the campus community.
6. An evaluation of the alignment of the budget allocation process to the strategic plan need to be conducted at Beta University to examine if the process can be made stronger or adjusted.

Each of these recommendations for further practice could be easily accomplished at Beta University. The participants of the study were receptive to changes and indicated these changes would make the university's alignment of the budget process to the strategic plan better.

### **Recommendations for Future Research**

The strategic planning process and budget allocation process have been studied as separate processes. There has been research conducted on the integration of the budget process to the strategic plan at community colleges and research universities. Based on the results of this study, future research needs to be conducted at other universities, because this study was conducted at one university and is difficult to be generalized to another location due to the qualitative nature.

Although this study was qualitative and studied how a university integrated the budget process to the strategic plan, further qualitative research needs to be conducted. This study was

conducted at one university with participants who were familiar about the process. It is recommended that multiple universities who have aligned the budget process to the strategic plan be studied to see if similar conclusions appear.

As this study was a qualitative case study, it is suggested that a quantitative study be conducted at a university in order to gain statistical support. Also, this study was limited to participants who were knowledgeable about the strategic plan and budget process at the University. Survey research is recommended because a broad range of perceptions could be identified. To gain further insight about the process, more participants across campus should be used.

### **Concluding Summary**

The purpose of this qualitative study was to determine how a university aligns the budget allocation process to the strategic plan process. By using qualitative research methodology, the researcher was able to identify participants' perceptions regarding how Beta University had aligned the budget allocation process to the strategic plan. The participants for the study were knowledgeable about both the strategic plan and budget processes, which allowed the researcher to be able to gain insight into the processes. The document review allowed the researcher to triangulate the results and determine that the themes that emerged from the interviews also emerged in the document review process. This study was able to detail the events that occurred in order for the University to align the budget allocation process to the strategic plan (Yin, 2003).

Chapter One provided the need for the study by detailing an overview of the problem, stating the research questions, identifying the significance of the study, defining key terms, and a reviewed the limitations and delimitations of the study. The literature review in Chapter Two detailed pertinent literature that detailed the history of accreditation, introduced strategic

planning and the importance of planning, introduced budgeting and the various aspects of a higher education institution's budget, and discussed studies conducted on integrating the budget allocation process to the strategic plan. Chapter Three gave an overview of the reason for a qualitative study along with details about the sample, data collection procedures, data analysis, and trustworthiness of the study. Chapter Four presents the findings of the data. This included the emergent themes that were identified from coded transcripts of interviews. The data was triangulated by use of a document review to see if similar theme occurrences were noticed in the documents. The researcher provided data to support the emergent themes and related them to the research questions. In Chapter Five, a summary of the findings and conclusion from the study with recommendation for further practice and future research were presented.

The findings from this study reveal how a university can align the budget process to the strategic plan. The leadership of a university will ultimately decide if the process can be done and are the drivers of the process. In order for a university to align the budget process to the strategic plan, changes will have to be made at the university and the campus community needs to be involved in the process for it to be successful.

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## APPENDIX A

### Permission to Use Interview Protocol for Dissertation

**Re: Permission to Use Interview Protocol from Dissertation**

SMITH, DOUGLAS [REDACTED]

Fri 4/13/2018 8:14 AM

To: Andrews, Mccartney [REDACTED]

McCartney,

Go for it. You have my approval.

Doug

Douglas A. Smith, Ph.D.

Assistant Professor of Higher Education Administration

---

**From:** "Andrews, Mccartney" <[REDACTED]>

**Date:** Sunday, April 8, 2018 at 10:36 AM

**To:** DSmith <[REDACTED]>

**Subject:** Permission to Use Interview Protocol from Dissertation

Hello Dr. Smith,

My name is McCartney Andrews and I am an Ed.D. student at East Tennessee State University. I am currently working on my dissertation proposal and have an interest in the strategic planning and resource allocation process. I am specifically interested in the integration of the two processes at a liberal arts university. While researching for my dissertation, I found and reviewed your dissertation on the integration of the strategic planning and resource allocation processes at a rural community college. I would like your permission to use your interview protocol in my dissertation research and amend it if requested by my dissertation committee. I will provide you any amendments to your protocol and note them in my dissertation. I feel there is a need for further research on the integration of the strategic planning and resource allocation processes and my dissertation can help add to this area for universities.

Thank you for your time.

McCartney

## APPENDIX B

### Interview Questions

#### Strategic Planning Process:

1. How was the strategic plan developed at the University?
2. How does the strategic planning process work at the University?
3. How does the strategic planning process incorporate personnel needs, facility needs, and information technology needs?
4. How are the goals of the strategic plan prioritized on campus?
5. Who is involved in prioritizing the strategic plan goals?
6. How does communication assist in the strategic planning efforts?

#### The Budgeting Process:

7. Who is involved with the budget process for your area?
8. How is the budget prepared each year on campus?
9. How would you describe the budget process in your area in relation to strategic planning?

#### The Relationship of Strategic Planning and Budgeting Processes:

10. How influential are the strategic planning goals and priorities in the decision process for committing new funding?
11. Can you identify some specific points in your planning structure where the budget decisions are influenced by the University's strategic plan?
12. What kinds of changes do you believe are needed to strengthen the relationship between the University's strategic plan and budgeting?
13. What types of data or documents are used in both the strategic planning and budget allocation processes? Where do you see the overlap with this data or documents in both processes?

#### Role of Leadership in the Strategic Planning and Budgeting Processes:

14. Which groups of individuals have been most influential in formulating and carrying out the strategic planning process?
15. What has been the role of the above group or individuals in the annual budget process? How does it compare to their roles in the strategic planning process?
16. What are the administrative perceptions of the strategic plan and budget allocation processes?

Final Question:

17. Would you like to add anything that I have not asked regarding the University's strategic planning process, budget allocation, or integrated planning processes?



## APPENDIX C

### Document Review Guide

**Document Title:** \_\_\_\_\_

**Date of Document:** \_\_\_\_\_

**Date Retrieved:** \_\_\_\_\_

**Location of Document:** \_\_\_\_\_

#### **Document Review Questions:**

1. What was the process for preparing the strategic plan?
2. What is the budget allocation process?
3. How are the budget allocations established and prioritized?
4. How is the budget allocation process aligned to the strategic plan?
5. What are the administrative perceptions of the strategic plan and budget allocation processes?

VITA

MCCARTNEY ANDREWS JOHNSON

- Education: Public Schools, Johnson City, Tennessee
- B.S. Psychology, Austin Peay State University,  
Clarksville, Tennessee 2010
- M.P.S. Strategic Leadership, Austin Peay State University,  
Clarksville, TN 2013
- Ed.D. Educational Leadership, East Tennessee State University,  
Johnson City, Tennessee 2019
- Professional Experience: Graduate Assistant, Austin Peay State University,  
Academic Affairs, 2013 – 2014
- Administrative Assistant 2, Austin Peay State University,  
Learning Opportunities Center, 2014 – 2015
- Senior Administrative Assistant, Austin Peay State University,  
Vice President for Finance and Administration,  
2015 – 2018
- Administrative Specialist, Austin Peay State University,  
Office of the President, 2018 – current