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Revenue-Based Financial Modeling: A Sustainable Model for Medium-Size, Private, Mission-Based Schools of Education

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LOYOLA MARYMOUNT UNIVERSITY

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by

Joseph Harbouk

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DEDICATION

To my parents Wadih and Rachelle Harbouk,

for sacrificing their lives so that their kids would have one,

for their love for education,

and most importantly for their faith in God,

which is the basis for all things.

Ad Majorem Dei Gloriam - For the Greater Glory of God

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ABSTRACT

Revenue-Based Financial Modeling: A Sustainable Model for Medium-Size, Private, Mission-Based Schools of Education

By

Joseph Harbouk

This study examined the implementation and assessment of revenue-based budgeting at a medium-size, private, mission-based graduate school of education (SOE), under the pseudonym Peter Claver University (PCU). Additionally, two other similar schools were included in the study because they used revenue-based budgeting for a period of 10 years or longer and their missions were comparable to that of PCU's SOE.

A survey and three interviews were conducted with the deans of the three schools and responses were subjected to content analysis and triangulation. Points of consensus between the deans were the following: a strong favor for the revenue-based budgeting model; the desire for regular assessment to determine the success of the revenue-based budget and to update the model based on new economies and forecasting; the belief that revenue-based budgeting would give the deans more control over their schools' futures; and the conviction that revenue-based budgeting provided the deans with the flexibility to accomplish the strategic goals of the school.

The major findings included that budget models need to be tailored to the institution's goals and academic objectives; no specific revenue-budget formula fits all institutions; SOEs will be successful by having an interdependent financial model; deans are expected to be financially savvy; there are no service level agreements between SOEs

and the service departments; SOEs with higher percentage of faculty receiving grants can be more innovative; assessment of the revenue-based model on an as-need-basis and rarely happens; and deans are supportive of a revenue-based budget model.

CHAPTER I: BACKGROUND OF STUDY

The central budget model currently used by the vast majority of private colleges and universities is a system that collects all unrestricted revenues, including tuition, general purpose gifts and endowment, and investment income, in a central pool (Cooper, 2003). In 2004, Peter Claver University (PCU), a fictitious name employed for the purpose of this case study, decided to move its school of education (SOE) from the central budget model and planning system run by senior administrators to a revenue-based budget model meant to provide the dean and the school with improved fiscal autonomy. Revenue-based budgeting, also known as Cost Center Budgeting or Responsibility Center Management, is a decentralized budgeting system where all expenditures, such as staff salaries, services, and a share of the physical plant costs, must be covered through income generated by tuition and fees, endowments, gifts, and grants (Meisinger & Dubeck, 1984).

This case study examined the implementation and assessment of revenue-based budgeting at PCU's graduate SOE. To better understand the model in the case study, two additional private graduate SOEs were included because they used revenue-based budgeting for a period of 10 years or longer and their missions were comparable to PCU's SOE mission. This chapter provides a historical perspective on finances in higher education and defines centralized and revenue-based budget models. It also introduces the statement of the problem, the theoretical lens through which the problem is discussed, and the purpose and significance of the study. Additionally, this chapter includes the research questions, design, limitations, delimitations, and assumptions of this study.

Historical Perspective: Financing of Higher Education

American colleges were originally founded as expressions of Christian charity, both in the assistance that they gave to needy young men and in the assistance they received from affluent elderly men (Rudolph, 1990). Since their colonial inception in 1636, American universities were to be free of charge to the students and tuition payments were acts of generosity by donors who believed in education. In the early stages of the American university, men such as John Harvard and Elihu Yale were among the first substantial private benefactors of higher education in the United States (Rudolph, 1990). Their contributions not only helped establish universities, but also had a major impact on the higher education system in the United States.

Following the American independence in 1776 and extending into the mid-19th century, colleges competed vigorously for the attention of donors and paying students (Komives, Woodard, & Associates, 2003). In the 19th century, with an increase of wealth in American society, single originating donors began to emerge, such as Johns Hopkins and Leland Stanford, whose generosity provided the means to fund universities in their names. However, during economic downturns and in the absence of significant endowments, colleges turned to other sources and solicited any means of subscriptions. Solicitations came in different types, including labor, produce, or cash depending on donor resources (Rudolph, 1990). From the early stages, universities used fundraising to alleviate the burden of tuition payment on the students.

Komives et al. (2003) stated that in the early 1800s approximately 25 colleges offered instruction and conferred degrees and by 1860 that number had increased "almost

tenfold to 240" (p. 8). Before the 19th century, the U.S. government showed relatively little inclination to fund higher education (Komives et al., 2003). However, during the 19th century, the states became actively involved in government-financed higher education (Rudolph 1990). The states became engaged in developing payment models for university or college education.

From the 1700s to the 1900s, less than 5% of Americans between the ages of 18 and 22 enrolled in college. After 1900, "public higher education enrollment ballooned in prominence with the burgeoning of private universities" (Komives et al., 2003, p. 12). Between World Wars I and II, the percent of Americans aged 18 to 22 enrolled in college increased to about 20% and continued growing to 33% in 1960 and to more than 50% in the late 1970s (Komives et al., 2003). The years from 1945 to 1970 have been dubbed higher education's golden age due mainly to the introduction of the Federal Government Servicemen's Readjustment Act, or GI bill, which provided servicemen with financial aid to attend college after their return from war. The popularity of the GI Bill underscored the importance of higher education to the nation's long-term adjustment to a new economy, and the importance of higher education to the generations to come (Komives et al., 2003).

Starting in the 1970s, the federal government exerted its presence in higher education in multiple ways. It demonstrated an increased commitment to social justice and educational opportunity by providing additional financial aid to students through the Pell Grant, also known as Supplementary Educational Opportunity Grants (Komives et al., 2003). Federal grants and loans provided funding for diverse students to attend

college. This trend was a shift from only wealthy individuals having access to higher education.

Due to this funding model of higher education, in the 1970s and 1980s higher education faced increased scrutiny from the public regarding the management of their finances. Thus, there was an increased focus by universities and colleges towards accountability and responsible stewardship of resources. Harpel (1976) insisted that it is not unreasonable that leaders at higher education institutions should be called upon periodically to account for their stewardship.

Current Financing of Higher Education

Revenues have a dramatic and important effect on the financial status of colleges and universities (McClellan, Stringer, & Associates, 2009). Toutkoushian (2003) stated that institutions generally rely on six main sources for revenues: students, parents, federal government, state government, private gifts, endowments, and auxiliary enterprises (McClellan et al., 2009). McClellan et al. described the six sources of revenues as follows:

> Students and their families pay tuition, fees, room-and-board expenses and buy books and supplies. State governments provide financial aid to students who attend private and public institutions. The federal government sponsors financial aid programs and supports research and creative activities. Individuals, foundations, and corporations furnish gifts and grants to colleges and universities; and financial markets provide

income for these institutions through revenue generated from investments of endowments and operating funds. (p. 92)

Figure 1 is a graphical illustration of these resources that finance higher education.

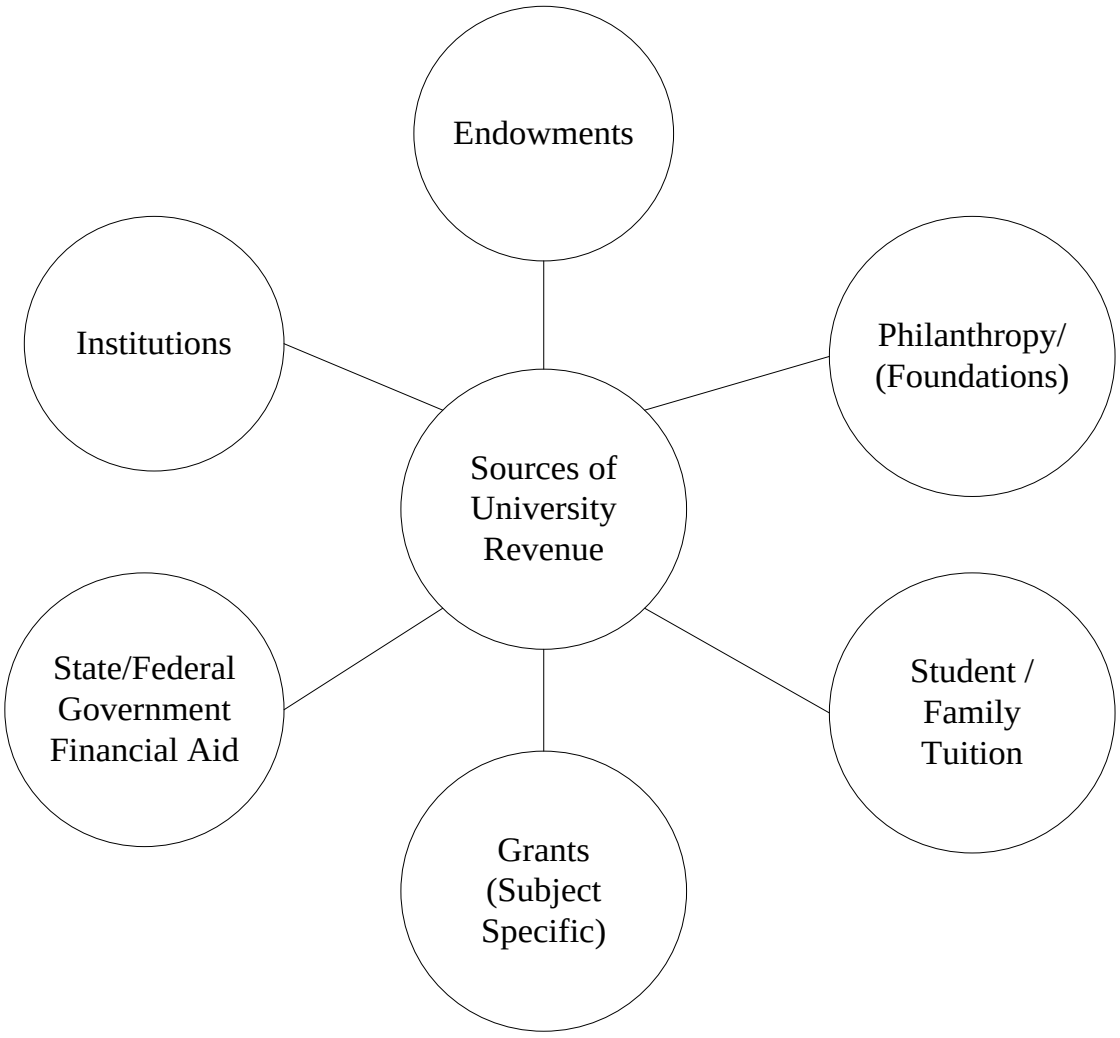

Figure 1. Illustration of resources that currently finance higher education (adapted from Toutkoushian, 2003).

In 2010, Jonathan Brown, President of the Association of Independent California Colleges and Universities, gave a presentation titled "What Has Changed," that described the different sources of college revenues. He proposed two perspectives for sources of college revenue, including time-based perspective and source-based perspective. In his discussion, Brown stated that financial support is key to students of all social and economic backgrounds being able to attend college. Particularly, he asserted that in an economic downturn when families' savings and incomes are at risk, institutions and government need to provide more access to students. Figure 2 provides a graphic illustration of Brown's concept.

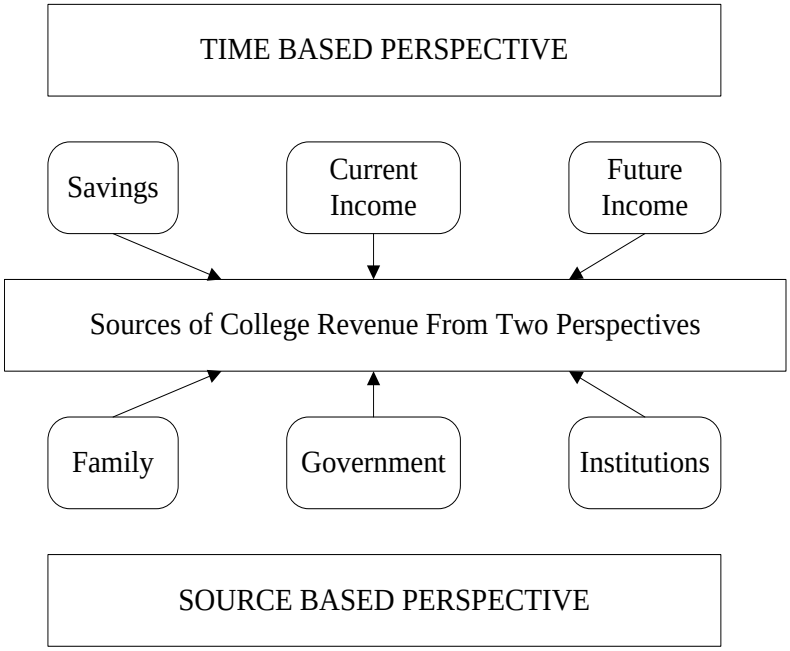

Figure 2. Sources of college revenue from two perspectives (adapted from Brown, 2010).

Brown explained that from a source perspective, college revenues come from three areas, including family, government, and the institutions themselves. If families cannot afford college, the government must provide financial aid, grants, loans, or a combination of all, and the institutions must also provide financial support for the students. Brown stated that having more graduates allows families to have better income and more savings, therefore ensuring a better quality of life. The concept of a better quality of life for this case study is defined as the non-monetary benefits of health, happiness, community involvement, and well-being of children, etc. Thus, in addition to personal well-being, a better quality of life benefits both families and the country through economic growth with college graduates also encouraging their children to attend and graduate from college. Hence, a cycle emerges of college graduates attaining an improved economic and social way of life. Indeed, Pascarella and Terenzini (2005) insisted that a bachelor's degree is linked to a 34% advantage in occupational status or prestige and a 20 to 40% advantage in earnings, and it significantly enhances the chances of a graduate entering into managerial, technical, and professional occupations, which have implications of job stability.

Budget Models

The first two sections of this chapter discussed financing of higher education at a high level, including a brief historical perspective, the current funding of higher education, and an overview of the importance of higher education to individuals. This section reviews the centralized and revenue-based budget models and provides some of the principles used at one institution for revenue-based budget development.

Centralized Budget and Revenue-Based Budget Models

A centralized budget model, which is used by the vast majority of private colleges and universities, is a central system that collects all unrestricted revenues such as tuition, general-purpose gifts and endowment, and investment income, in a central pool (Cooper, 2003). In a centralized budget model, revenues are the responsibility of the provost, the admissions director, or the chief financial officer (Strauss & Curry, 2002), while the rest of the institution manages expenditures. In contrast, a revenue-based model, also known as a decentralized budget model, gives responsibility for both revenues and expenditures to each unit (Whalen, 1991). This model originated in 1979 with Harvard president James Conant who stated that "every tub stands on its own bottom, each dean balances his own budget" (Caruthers & Orwig, 1979).

Although there are different approaches to resource allocations, the chosen approach is critical to accomplishing an organization's strategic goals and objectives (Rodas, 2001). Therefore, choosing the right budget model is important and must be considered carefully by institutions of higher education. This is especially true when moving from one budget model to another; an institution must develop guiding principles to inform the decision-making process. Strauss and Curry (2002) described the University of Southern California's responsibility center management principles as follows:

1. The closer the decision-maker is to the relevant information, the better the decision is likely to be.

2. The degree of decentralization of an organization should be proportional to its size and complexity.
3. Responsibility should be commensurate with authority and vice versa.
4. The central administration should retain sufficient academic and fiscal leverage to ensure achievement of institutional goals.
5. Clear rewards and sanctions are required to make the distribution of responsibility and authority operational, as well as to effect their coupling.
6. Resource-expanding incentives are preferable to resource-dividing rules.
7. Successful decentralization requires common information systems providing local and central managers with timely and accurate performance reports.
8. Outcome measures are preferable to input (process) controls.
9. Achievement of academic excellence requires that academic performance criteria be explicit and, where possible, quantified.
10. Stable financial environments facilitate good planning.
11. People play better games when they own the rules (p. 16).

Peter Claver University's Budgeting Model

Peter Claver University, a fictitious name employed for the purpose of this case study, is a medium-size, private institution of higher education in the western United States. In 2004, PCU made the decision to move its School of Education (SOE) from the

university's centralized budget model to a revenue-based model. The impact of the change, how the change took place, and the reason for the change were still being studied as of 2011.

Statement of the Problem

Since there is never enough money to accomplish all the goals an institution sets forth to achieve, developing a sound budget is crucial and can be conceived as both an art and a science (Paulsen & Smart, 2001). Budget development determines priorities to be addressed with limited resources (Meisinger & Dubeck, 1984). Therefore, it is critical that any change in a budget model is well defined to provide the necessary financial support for an institution to accomplish its strategic goals. Additionally, any change should be accompanied with assessment that shows the benefits of such a change. Furthermore, as collaboration and communication are key in the success of any change implementation, an important aspect is managing the transitions in the change and including everyone that is impacted by the change (Bridges, 2003).

At the time of this study, there were no clear and stated outcomes of the change in budget model at PCU. The assessment formula of the SOE was not well defined and there was not a clear understanding of services the SOE was paying for. Faculty struggled with understanding the budget change and budget process, and it was unclear how the change of budget model affected the students or if the change increased financial resources to PCU's SOE. Additionally, the budget reallocation and change did not engage the faculty, staff, or the leadership of the SOE. This lack of SOE engagement

created a misunderstanding that continued to have effects in 2010, 5 years after the budget was implemented.

Theoretical Framework

Mission statements and strategic plans are key in moving an organization forward; however, no forward movement can be made without proper resource allocation. To that end, this study investigated PCU's SOE budget model from the perspective of the monopolistic competition model of the marketplace, which is a theory based in the discipline of economics.

A marketplace is an open square in a town or place, actual or metaphorical, where markets or public sales are held (Merriam-Webster, 2009). Students and parents buy the services of education from universities, hence schools become a marketplace for higher education. There is an array of different markets, all of which elicit a variety of behavior patterns from producers. In order to develop principles and make predictions about markets and how producers might behave in them, economists have theorized four principle models of market structure, including *perfect competition*, *monopoly*, *oligopoly*, and *monopolistic competition* (Krugman & Wells, 2009). Figure 3 summarizes the four markets based on product differentiation and number of producers.

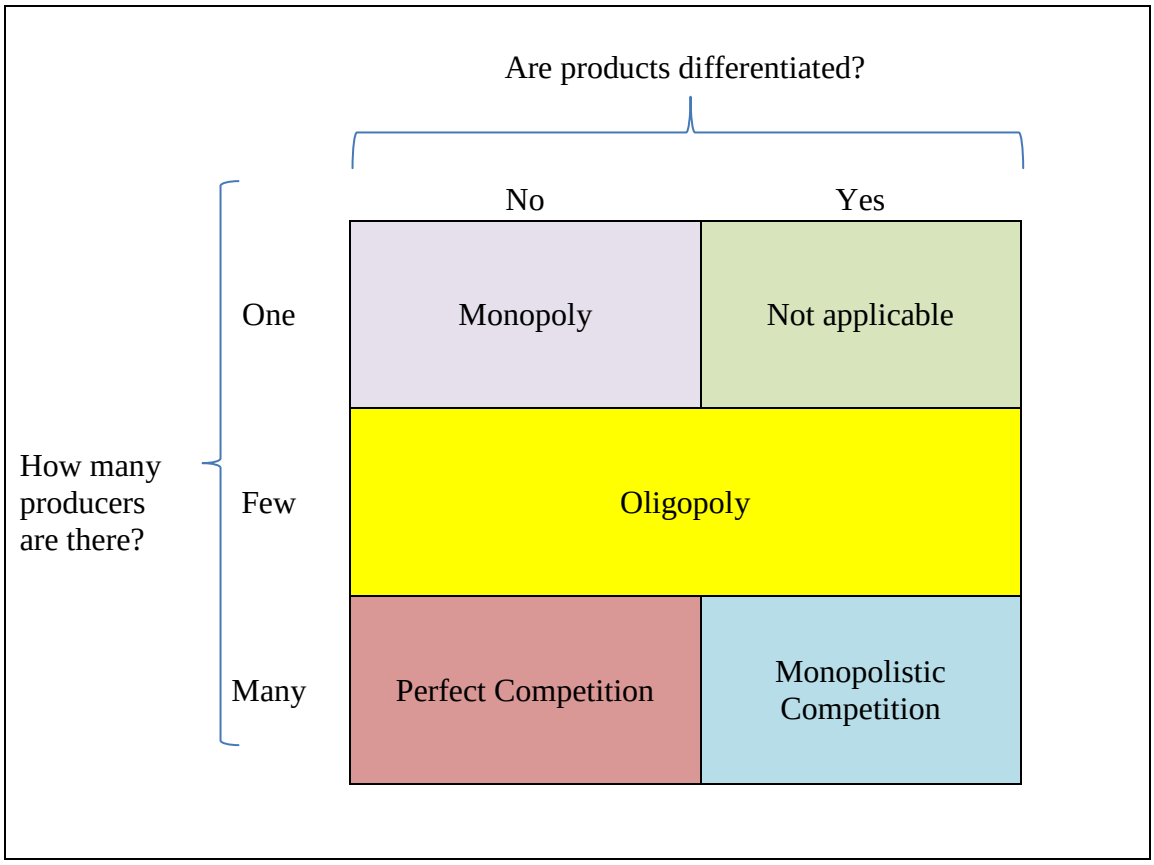

Figure 3. Different markets (adapted from Krugman & Wells, 2009).

A monopoly occurs when a single seller produces a product or service for which there are no close substitutes and in which significant barriers to entry prevent other firms from entering the industry to compete for profit. An oligopoly is when there are only a few sellers where each offers a similar or identical product. Perfect competition is achieved when the market consists of many buyers and sellers who trade over a range of prices rather than a single market price. Lastly, monopolistic competition is when many firms sell products that are similar, but not identical. Figure 4 illustrates these four types of market structures in relation to the number of firms.

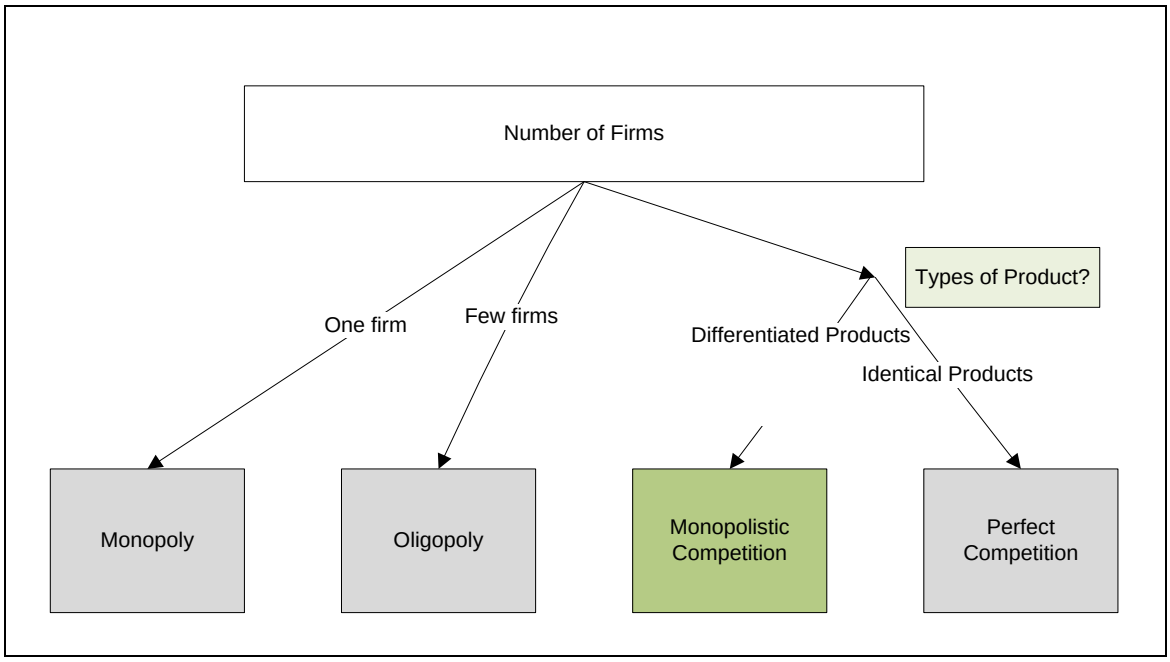

Figure 4. The four types of market structures (adapted from Sukar, 2001).

Krugman and Wells (2009) defined monopolistic competition as a market structure in which many producers compete in an industry, each producer sells a differentiated product, and there is free entry into and exit from the industry in the long run. McConnell and Brue (2005) stated that monopolistic competition is characterized by "a relatively large number of sellers; differentiated products; and easy entry to, and exit from, the industry" (p. 460). Monopolistic competition for the purpose of this study is also called the theory of imperfect competition (Halstead, 1991), which assumes a market with many sellers and buyers. What differentiates the monopolistic competition from other marketplace theories is the idea that sellers' products are differentiated in the eyes of the buyers and are close, but not perfect, substitutes for one another (Krugman & Wells, 2009; Paulsen & Smart, 2001). Paulsen and Smart assumed that product differentiation is far more characteristic of higher education than product homogeneity.

Although all universities provide students with degree programs, parents and students look for specific characteristics that fit their needs when deciding upon a university.

Similar to the demand and supply concept, Rothschild and White (1995) stated that many services provide outputs that depend partially on the customers as inputs. The presence of other customers often contributes to the output experienced by each purchaser with higher education being a premier example. Rothschild and White insisted that colleges and universities provide human capital as output and students as input into the production process. For example, a university with a successful football team might attract a type of student who appreciates athletics compared with one that does not value athletics. An institution with high SAT and GPA scores for entering students could indicate higher academic standards and attract a certain type of student. Therefore, although the output is the education and graduation of students, the presence of a specific type of student may influence the output. Thus, the students are both input and output of the marketplace of education.

Purpose of the Study

The purpose of this study was to assess the PCU School of Education budget model; determine its viability; research best practices; and based on the findings, provide recommendations that would allow the PCU School of Education to accomplish its strategic goals. The researcher applied the monopolistic competition theory as a lens for investigation and interpretation of the findings.

Significance of the Study

This study contributes to the body of research on budget modeling in higher education and in particular to the assessment of revenue-based budget models at a private graduate school of education. The significance of the study lies in the fact that it includes recommendations for further development of a budget model that allows the school of education to accomplish its strategic goals. Also, the findings provide an understanding of agreed upon and desired outcomes and a set of guidelines regarding roles and responsibilities. In addition, the recommendations could be used as lessons learned that should not be replicated in future implementation of a revenue-based budget model at other schools and colleges at Peter Claver University, and at other institutions of higher education.

Research Questions

The questions in a qualitative study should be general enough to permit exploration, but also focused enough to delimit the study (Marshall & Rossman, 1999). Yin (1985) stated that defining the research questions is probably the most important step to be taken in a research study. To that end, the research questions that guided this case study were:

1. Why is the School of Education at Peter Claver University implementing a revenue-based budget?
2. How is the School of Education at Peter Claver University implementing a revenue-based budget?

3. Will the School of Education at Peter Claver University be able to accomplish its strategic goals using the current revenue-based budget model? If not, what model would allow the SOE to accomplish its mission and strategic goals?

Assessing the implementation of the revenue-based budget model at the PCU SOE allowed for the determination of whether the budget model assisted the PCU's SOE in accomplishing its strategic goals. The assessment of the model in use at the time of the study and data gathered from other comparable institutions yielded recommendations for modification of the implementation of revenue-based budget models.

Research Design

This research was a case study of Peter Claver University School of Education's budget model with comparative data. Prevailing literature provided several definitions of case studies, including Yin's (1985) view that a case study is one of several ways to doing social science research and Hatch's (2002) claim that case studies have become a catchall for identifying qualitative studies of various types. This particular study asked the "why" and "how" questions, which Yin (1985) insisted is the preferred strategy for case studies. On the other hand, Merriam (1998) asserted that case study research involves an intensive, holistic description and analysis of a single instance, phenomenon, or social unit. This case study included a comparative analysis of two schools of education in addition to evaluating the Peter Claver School of Education budget model.

To construct the case, the researcher reviewed literature to provide a general overview of different budget models used at private institutions of higher education, with an emphasis on the revenue-based budgeting and centralized budgeting models. This

review informed the research process and provided an understanding of the different budget components utilized at similar private institutions of higher education.

Then, the researcher focused on PCU and identified two additional private schools of education to investigate that had each used a revenue-based budget model for more than 10 years. The purpose of studying other schools was to compare and contrast the revenue-based budget model at similar private institutions of higher education. These data provided the researcher with information about successful and unsuccessful elements in the model and how the use of the model could impact an SOE's strategic initiatives. Each additional school was mission-based and comparable to Peter Claver's SOE in size and complexity. Additionally, they each prepared candidates to become teachers and leaders in public, private, and Catholic schools. Lastly, all schools offered doctoral programs, had similar enrollments, and were located in an urban setting. The schools were located on both the East and West coasts of the United States.

The researcher interviewed the deans of the three schools to gain an understanding of their budget models and the reasons for choosing one model over another in order to determine if the budget model was helping or hindering the achievement of the schools' strategic goals. The purpose of the interviews was to collect data from a population sample so that inferences could be made about some characteristics, attitudes, and behaviors of the overall population (Creswell, 1994). Additional data were collected using a variety of methods, including creating an online survey and studying copies of financial data in percentages. Follow-up interviews were conducted for verification and triangulation purposes as needed. Lastly, the researcher

gathered artifacts from the Peter Claver School of Education that related to the implementation of the revenue-based budget model to increase the understanding of the reasons behind the implementation of the model. These artifacts included budget sheets, memos, processes, procedures, and policies.

Limitations, Delimitations, and Assumptions

This case study assessed the efficacy of a budget model for one SOE. Although the researcher examined two other schools of education budget models for comparison, the study did not necessarily result in a budget model that could be duplicated at other schools. In addition, as the sample of schools was small and the schools had similar missions, the results of this study cannot be generalized. Because it was a case study, one could learn from the behaviors of others, but it would not make sense to try to replicate the case. However, deans interested in changing their budget model could use this research to inform their decision-making process regarding a change in budget model.

The schools included in this study had similar missions. Therefore, this study is limited to similar schools and might not inform the practices at larger, public, or non-doctorate awarding institutions. A study that includes schools of education with diverse missions that serve different populations could be worth undertaking.

The researcher had more than 15 years of experience in higher education leadership, with a particular focus on administration and finance at both private and public institutions that mainly utilized a centralized budget model. The researcher was a participant observer, one who sought to understand the world from the perspectives of those living in it, where data can be gathered in a natural environment that engages

natural behavior (Hatch, 2002). The participant observer role could be perceived as a limitation. However, by being a participant observer, the researcher was able to gain access to the daily functions of the budget that would not have been possible otherwise.

Another limitation of this study was the timeline the researcher had in developing and researching the case. Hatch (2002) stated that it is not an exaggeration to say that qualitative analysis is never complete. The study focused primarily on the assessment of the revenue-based budget model at PCU's SOE and on the development of a set of implications and recommendations. For additional information, further studies of the implementation of these recommendations would need to take place.

Organization of the Study

This study is organized into three chapters. Chapter I provides an introduction and overview of the research, a historical perspective of financing in higher education, and an analysis of how higher education is currently financed. In addition, it defines both the centralized and revenue-based budget model and the principles used at one institution when it developed its revenue-based budget model as well as the Peter Claver budget model. Also provided are the statement of the problem, the purpose and significance of the study, the research questions, and the research design. Chapter I also introduces the rationale for the methodology and theoretical framework as well as the limitations and delimitations, and it closes with a section that lists definitions of key terms.

Chapter II reviews the literature regarding the types of budgets, and the factors that influence budgets, and provides the methodology used for the research, including the study design, participants, data collection, and data analysis. In addition, Chapter II

discusses a brief history of the PCU SOE and its growth over the past 10 years and the effects of change on the SOE faculty and staff.

Chapter III focuses on the data analysis and findings, and it restates the problem and the purpose of the study. Lastly, Chapter III provides a list of recommendations and a summary of the research and recommendations for further studies.

Definitions of Terms

- *Budget*: A statement of the financial position of an administration for a definite period of time based on estimates of expenditures during the period and proposals for financing the expenditures (Merriam-Webster, 2009).
- *Centralized Budget*: The budget model used by the majority of private colleges and universities is a central system that collects all unrestricted revenues, including tuition, general purpose gifts and endowment, and investment income, in a central pool (Cooper, 2003).
- *Cost Center Budgeting*: Whalen (1991) described the three basic principles of the model: all costs and income attributable to each school and other academic unit are assigned to that unit; appropriate incentives exist for each academic unit to increase income and reduce costs to further a clear set of academic priorities; and all costs of other units, such as the library or student counseling, are allocated to the academic units.
- *Cross-Sectional Research*: A research method often used in developmental psychology, but also utilized in many other areas including social science, education, and other branches of science. This type of study utilizes different

groups of people who differ in the variable of interest, but share other characteristics such as socioeconomic status, educational background, and ethnicity (Cherry, 2011).

- *Formula Budgeting*: The application of one or more formulas in the budgeting process (Caruthers & Orwig, 1979). Each formula manipulates certain institutional data based on mathematical relationships between program demand and costs to derive an estimated dollar amount to support future program operation (Paulsen & Smart, 2001).
- *FTF*: Full-Time Faculty, faculty who are employed full time.
- *FTTF*: Full-Time Tenure line Faculty.
- *Incentive Budgeting*: Similar to performance budgeting, incentive budgeting continues higher education's pursuit of output-oriented budgeting (Paulsen & Smart, 2001).
- *Incremental Budgeting*: A budget method utilizing the same budget from one year to the next, allowing only minor changes in revenue levels and resource distribution (Vandament, 1989).
- *JU*: Jeremiah University.
- *Marketplace*: An open square in a town or place, actual or metaphorical, where markets or public sales are held (Merriam-Webster, 2009).
- *NCATE*: National Council for Accreditation of Teacher Education.
- *PCU*: Peter Claver University.

- *Performance Budgeting*: A budgeting approach based on funding desired outcomes or accomplishments (Green, 1971).
- *Program Budgeting*: A budgeting method in which budgets are created for specific programs or activities, rather than for departments (Vandament, 1989).
- *Revenue-Based Budgeting*: Also known as cost center budgeting or responsibility center management is a decentralized budgeting system in which expenditures, such as staff salaries, services, and a share of the physical plant costs, must be covered by the unit in question through income generated by tuition and fees, endowments, gifts, and grants (Meisinger & Dubeck, 1984).
- *SOE*: School of Education.
- *Tax Back*: Also known as assessment, which is the charge incurred by academic support services, library and computer services, student services, general administration, space and related physical plants costs as they relate to the college or school (Whalen, 1991).
- *UC*: University College.
- *Zero-Base Budgeting (ZBB)*: Developed by Peter Pyhrr with the basic premise that every activity and program is significant and must be re-justified each year through a series of decision packages (Caruthers & Orwig, 1979).

CHAPTER II: LITERATURE REVIEW AND METHODOLOGY

This chapter provides a review of the literature regarding types of budgets and the factors that influence budgets, and it discusses a brief history of the PCU SOE and its growth over the past 10 years. The history and growth are presented because they provide a strong illustration of how the move to a revenue-based budget model helped change the SOE structure. The history and growth also provide data that show the dean's push towards improving the teaching, research, and creative environment for the faculty, while at the same time increasing the number of students and improving finances to introduce more innovation. Additionally, this chapter addresses the effects of change on the SOE faculty and staff and presents the methodology used for the research, including study design, participants, data collection, and data analysis.

Literature Review

In order to provide an understanding of the complexity of budgeting in higher education, this section reviews types of budgets and factors that influence them. Included is a discussion of the financial impact of higher education on economic growth. The latter shows the importance of higher education on the economic growth of individuals and society.

Types of Budgets

A budget can be easily defined as a statement of the financial position of an administration for a definite period of time (Merriam-Webster, 2009). Wildavsky (1988) provided a more complex definition and described a budget as a link between financial resources and human behavior in order to accomplish policy objectives. In other words, a

budget is the amount of money available for the organization to spend in order to accomplish its mission and strategic goals. Over the years, universities and colleges have used various methodologies or techniques to prepare their budgets. Paulsen and Smart (2001) discussed seven techniques commonly used by higher education institutions to determine their budgets:

1. *Incremental Budgeting*: a budget method utilizing the same budget from one year to the next, allowing only minor changes in revenue levels and resource distribution (Vandament, 1989 as cited in Paulsen & Smart, 2001, p. 513).
2. *Formula Budgeting*: the application of one or more formulas in the budgeting process. Each formula manipulates certain institutional data based on mathematical relationships between program demand and costs to derive an estimated dollar amount to support future program operations (Caruthers & Orwig, 1979 as cited in Paulsen & Smart, 2001, p. 514).
3. *Program Budgeting*: a budgeting method in which budgets are created for specific programs or activities rather than departments and each program's activities (Caruthers & Orwig, 1979 as cited in Paulsen & Smart, 2001, p. 513).
4. *Zero-base Budgeting*: a method that assumes every activity and program is significant and must be re-justified each year through a

series of decision packages (Caruthers & Orwig, 1979 as cited in Paulsen & Smart, 2001, p. 516).

5. *Performance Budgeting*: a budgeting approach based on funding desired outcomes or accomplishments (Green, 1971 as cited in Paulsen & Smart, 2001, p. 517).
6. *Incentive Budgeting*: a method similar to performance budgeting that continues higher education's pursuit of output-oriented budgeting (Paulsen & Smart, 2001, p. 519).
7. *Cost Center Budgeting*: In this approach, academic departments and support units are considered cost centers for fiscal purposes and are expected to be self-supporting (Paulsen & Smart, 2001, p. 521).

Whalen (1991) described the three basic principles of the cost center model: (a) all costs and income attributable to each school are assigned to that unit; (b) appropriate incentives exist for each academic unit to increase income and reduce costs to advance a set of academic priorities; and (c) all costs of other non-revenue generating units, such as a library, are allocated to the academic units.

Higher education institutions are becoming increasingly complex with the development of the graduate dimension of higher education adding to institutional complexity and signifying yet another purpose of higher education (Hamrick, Evans, & Schuh, 2002). According to Massy (1991), some of the complexity in managing universities stems from a lack of clarity among the various stakeholders about purpose, measures of performance, and productivity. Most institutions do not have a financial

model that provides for the allocation of revenue and expenses based on student enrollment. Although student tuition is well defined on the revenue side, it is unclear if the value of the tuition the students are paying is going towards their education or to other areas of the university. The most commonly used budget model is the incremental budget model, wherein the previous year's budget base is incremented, that is, decreased or increased by sums associated with particular line items of expenditures (Massy, 1996).

Financial Impact of Higher Education on Economic Growth

Higher education institutions have consistently been becoming more expensive, making them affordable only to the few but out of reach to the many. Thus, students typically are requiring more financial aid to afford college, at the same time that loan availability has been decreasing along with a corresponding decrease in endowment earnings due to economic downturn. Wellman et al. (2009) expected a continued rise in higher education costs. On the other hand, the way for a better life has become dependent on a college education or advanced degree (Fairweather, 2006). This issue illustrates the heart of social justice and the "educational divide," which widens the gap between those who have and those who have not. Much is discussed about bridging the achievement gap between different groups at the middle and high school levels; however, the educational divide discussion must continue at the postsecondary level as well. Indeed, Wellman et al. (2009) asserted that educating the next generation is society's greatest opportunity for economic growth and for improving life for generations to come. Hence, policymakers must provide recommendations and guidance to administrators in

higher education so they are better prepared to face the future, particularly during periods of a weakened economy.

A 2006 report by the Educational Policy Center at Michigan State University recommended three goals that would allow for an increase in educational attainment in support of the economic vitality of the state. The stated goals included doubling the percentage of residents who attain college or university degrees or other credentials that link them to success in Michigan's new economy, improving the alignment of Michigan's institutions of higher education with emerging employment opportunities in the state's economy, and building a dynamic workforce of employees who have the talents and skills needed for success in the twenty-first century (Fairweather, 2006). Some more specific recommendations included making higher education universal, improving institutional completion rates, expanding opportunities for early college achievement, targeting adults seeking to complete postsecondary credentials, and expanding the role of higher education in community development (Fairweather, 2006).

As can be seen from this report, it is imperative for higher education institutions to provide appropriate education opportunities for all qualified individuals, not only to the ones who can afford it. A 2005 Institute of Higher Education Policy report outlined the benefits to individuals attending an institution of higher education and the benefits to the entire society. The report findings are represented in Table 1 below.

Table 1. *A Classification of Higher Education Benefits*

	Public (society)	Private (individual)
Social	Reduced crime rate	Improved health/life expectancy
	Increased charitable giving/community service	Improved quality of life for offspring
	Increased quality of civic life	Better consumer decision making
	Social cohesion/appreciation of diversity	Increased personal status
		More hobbies, leisure activities
	Improved ability to adapt to and use technology	
Economic	Increased tax revenues	Higher salaries and benefits
	Greater productivity	Employment
	Increased consumption	Higher savings levels
	Increased workforce flexibility	Improved working conditions
	Decreased reliance on government financial support	Personal/professional mobility

Note. Adapted from Institute for Higher Education Policy (2005, p. 4).

The findings in Table 1 were derived from a study done by Feldman and Newcombe (1969) that examined the impact of college on students' personal development. Bowen (1977), in his investment in learning research, looked at the effect of college on both students and society and found that colleges led to betterment of students (private benefits) and society (public benefits). The table illustrates that from social and economic perspectives, education is society's way out of poverty, as it results in a decrease in crime, an increase in appreciation of diversity, and an increase in productivity and consumption. From an individual perspective, higher education provides for improved health, a generally better quality of life, increased chances of

employment, and improved working conditions. In addition to the findings illustrated in Table 1, Pascarella and Terenzini (2005) found that college-educated individuals tend to have a lower mortality rate, and they generally have smaller families and are more successful in achieving desired goals.

A survey by the U.S. Department of Education (2008) illustrated the difference in average income between high school and college graduates. The report showed that, on average, those who earn a high school diploma earn about half the salary of those who earn a bachelor's degree. The report results are presented in Table 2.

Table 2. *Median Annual Earnings of All Full-Time, Full-Year Wage and Salary Workers Ages 25–34, by Sex and Educational Attainment: Selected Years 1980–2006*

Male			
Year	All Education Levels	High School Diploma or GED	Bachelor's Degree or Higher
1980	$43,700	$41,400	$48,900
1985	41,200	37,500	51,400
1990	38,600	33,900	49,000
1995	36,400	31,800	49,300
2000	39,800	33,900	53,900
2005	36,100	31,000	51,600
2006	37,000	30,000	50,000
Female			
Year	All Education Levels	High School Diploma or GED	Bachelor's Degree or Higher
1980	$29,400	$26,900	$36,300
1985	30,000	26,200	39,100
1990	30,500	24,700	40,100
1995	29,100	23,300	39,700
2000	31,600	24,600	41,600
2005	31,000	24,800	41,300
2006	31,800	24,000	41,000

Note. Adapted from U.S. Department of Education (2008). All monetary values in constant 2006 dollars.

The Institute for Higher Education Policy, using U.S. Census data, reported the average total personal income in the US based on advanced degrees as shown in Table 2. The data illustrated that more education results in higher salary, and therefore better living standards. The data as shown stands true for all racial and ethnic groups and is outlined in Table 3.

Table 3. *Average Total Personal Income of US, Ages 25 and Older by Educational Attainment, 2003*

	High School Diploma	Some College	Bachelor's Degree	Advanced Degree
Average	$25,053	$32,470	$48,417	$70,851

Note. Adapted from Institute for Higher Education Policy (2005).

Between 1984 and 2006, college tuitions grew by 2 to 3% per year above inflation and far exceeded expenses in housing, transportation, and health care, while family incomes for the most part did not keep pace (Wellman, 2008). In 2008, a College Board trend in student aid showed increases in college tuition and fees by 439%, while medical care increased by 261% and the consumer price index by 106% (Fox et al., 2009). Woodard and Von Destinon (2000) said that the higher education price index had risen more than five-fold since 1961 and the consumer price index had risen four-fold. Yet state support for higher education diminished (Leslie & Fretwell, 1996). These phenomena have resulted in students needing more financial aid and loans to attend and graduate from college. According to the Project on Student Debt (as cited in Blumenstyk, 2008), a nonprofit advocacy group, more than two thirds of college students carried loans by the time they graduated in 2007 compared with less than half of the graduates in 1993. The amount of debt has also been also rising. In 1993, students who graduated with loans carried an average debt of $9,250. By 2007, according to the Project on Student Debt analysis, student debt had increased to $22,000; a jump of 63 percent even after adjusting for inflation.

The Public Policy Institute of California estimated that the state would fall one million college graduates short of its workforce needs by 2025, as reported in Keller

(2009). The National Center for Public Policy and Higher Education (2007) found that 62% of Americans believed that many well-qualified students did not have an opportunity to earn a higher education degree due to the increase in tuition. According to the same nonprofit group, the cost of tuition and room and board at a four-year public college, after taking into account financial aid, was equivalent to 55% of the household income of the poorest 10% of American families in 2007, compared to 39% of the poorest 10% of American families in 2000 (Blumenstyk, 2008).

As state subsidies to higher education have declined and institutional spending has increased, students and their families have paid a bigger share of the cost of college. Tables 4 and 5 represent data from public research institutions.

Table 4. *Increase in Cost to Student for Higher Education*

Year	Net Tuition	State Support	Total Spending on a Student's Education	Students' Share of Cost
1996	$4,622	$8,502	$13,124	35%
2006	$6,801	$7,574	$14,375	47%

Note. Adapted from Blumenstyk (2008).

The tuition paid by students is not the same as the total per student cost of education. To that end, *The Chronicle of Higher Education* (as cited in Blumenstyk, 2008) looked at the balance sheets of five very different colleges and universities. Table 5 compares annual tuition and fees, on a per-student basis, with the total institutional cost per student. The second figure was calculated by dividing each institution's total annual budget by its enrollment.

Table 5. *Annual Student Tuition and Fees*

Institution	Annual Price (undergraduate tuition and fees, in state where applicable)	Annual Cost (total expenditures on per student basis)
Amherst College	$45,652	$77,355
Ball State University	$7,148	$19,607
Portland Community College	$2,665	$12,379
University of Southern California	$35,810	$56,716
University of Florida	$3,790	$51,822

Note. Adapted from Blumenstyk (2008). All figures are the most recent available. Enrollment data reflect full-time equivalent students.

As Table 5 demonstrates, universities provide financial support for students to attend college. The financial support from the sample universities above ranged from 37% to almost 95%. Thus, few students pay the advertised institutional tuition and fees.

Responsibility of Cost and Revenue

The data represented above show that higher education institutions still have not made the transition from cost accounting to cost accountability (Wellman et al., 2009), which means they are more concerned with budget availability and the right code allocation instead of how money is spent in support of the student learning. Despite efforts to encourage institutions to adopt common metrics related to how finances are linked to strategic planning, few institutions have done so (Wellman et al., 2009). Wellman (2008) stated:

> The focus on revenue masks the bigger story in higher education finance in America, which is a story of growing gaps between rich and poor

> institutions, greater clustering of low-income students in poorly financed institutions, and disinvestment in teaching. Any one of these trends by itself would be disturbing; the three together spell real trouble for our future capacity to reverse America's decline in postsecondary performance. (p. 19)

To improve productivity, an institution must control costs and allocate resources to areas of highest priority (Tambrino, 2001). Using a business model in higher education, once taboo, has become a pressing concern. The generation of revenue was mainly regarded as the responsibility of university administration. The admissions office recruited students to meet budget needs; the president lobbied federal and state governments for funding; and the vice president of development organized fund-raising campaigns, cultivated private donors and foundations, and secured research support. Deans, chairs, and faculty were not involved in revenue generation, but were involved on the expense side. They did not care how money was allocated to their budgets, rather their concerns were to stay within budget and spend the money before the end of the fiscal year (Garner, 1991). This model no longer works. Deans, chairs, and faculty at large institutions are now also responsible for generating revenue, and a dean's job typically involves more fund raising and less faculty support and college management. Therefore, to better control spending, higher education institutions need to know what it actually costs to educate a student, and how the money is generated.

In the 1970s and 1980s, some universities started moving toward a decentralized budgeting model called Responsibility Center Budgeting and Responsibility Center

Management (RCB/RCM). This budgeting model moved the responsibility of the budget to the academic centers or units, including all revenue generation and all expenses. In this model, both deans and faculty had a stake in generating revenue and cutting costs. Dubeck (1997) pointed out that a concern with using this model was that a unit could move towards a financial focus and lose an academic focus. On the other hand, Whalen (1991) argued that granting financial decision-making power to academic units could increase creativity and accountability for outcomes.

In the beginning, the model was mainly used by large state and private institutions, including Harvard University. Many universities, large and small, still employed centralized budgetary and planning models that were run by senior administrators. Lang (1999) stated:

> Responsibility Center Budgeting and Responsibility Center Management are now generic terms. At the University of Michigan, RCB/RCM is called Value Center Management. At Indiana University, the term Responsibility Center Budgeting is no longer used; only Responsibility Center Management is used, as is also the case at UCLA. The comparable term at Ohio State University is Incentive Based Budgeting. At the University of Illinois, Urbana-Champaign, the phrase Mission Focused Budgeting and Planning is used. The University of Southern California refers to Revenue Centre Management. (p. 1)

According to Stocum and Rooney (1997), although there are many benefits and advantages to centralized budgeting, it is not ideally suited for large, decentralized, academic organizations. Centralized budgeting systems are better fitted to small institutions whereas decentralized budgeting models work best for large size institutions. There does not seem to be a budgeting model recommended for mid-size institutions.

Although the literature shows a strong focus on RCB/RCM or centralized budgeting, there is still a debate on top-down versus bottom-up planning. Managers and planners have debated the merits of the two planning models as if the choice between them is mutually exclusive (Kail, 1988). Conversely, RCB/RCM treats top-down and bottom-up as the outer limits and provides the best optimal plans and budgets based on the best fit at different points and levels (March, 1994).

Factors that Influence Budgets

Looking at specific units, both external and internal factors can affect a school of education budget. External factors include dynamics that are external to the SOE, such as economics, political, demographic, and regulatory environment (Paulsen & Smart, 2001). Leslie and Fretwell (1996) included periodic economic recessions, changing student demographics, and more complex and problematic budgeting as external factors that can affect the finances of higher education. Other characteristics to consider when developing a budget model include the SOE mission, goals, strategic positioning, and student financial assistance, grants, employees' benefits, facilities, and technology.

The economic environment is likely to affect the economic health of any institution, including the finances within a SOE. A strong economy contributes to higher

levels of donations and gifts from foundations and private donors. It also contributes to an increase in endowment, hence, more financial aid to students, thereby increasing the operating and capital budgets of the school. Moreover, state and local governments are more willing to provide financial resources in good economic times.

A downturn in the economy can mean no increase in budgets, therefore causing no salary increases, less purchasing power for faculty and staff, and position freezes or losses. Furthermore, downturns impact students as fewer students are able to afford higher education. As schools of education build their budget models, they must look at both sides of the economic spectrum to ensure that their planning will be able to both survive economic downturns and thrive in strong economic times.

The political environment indirectly affects higher education through the development of public policy and the imposition of regulations, and it directly affects it through special interest appropriations (Paulsen & Smart, 2001). Legislators have tremendous influence on budgeting for higher education and have become increasingly active in determining higher education policy (Layzell & Lyddon, 1990). Their influence and the influence of the political environment affect schools of education in particular because SOE students are teachers, counselors, and principals who work in public schools, charter schools, and Catholic or other private schools.

Since the 1990s, in addition to state legislature reforms, many reforms have been instituted to improve the PK-12 educational system, such as No Child Left Behind (NCLB), a national reform started by President George W. Bush in 2002 through which states and schools could receive Title 1 funding. Other organizations, such as Teach for

America (TFA), which has a mission to eliminate educational inequality by enlisting the nation's most promising college graduates in the effort, have also been created. These reforms are changing how we prepare and train teachers, the length of time they must spend at a university, and the courses they need to complete their credentials or graduate degrees or both. They are also changing the way SOEs do business and, therefore, affect how budgets and financial models are built. Education, like any other field, is affected by demographics, which in turn affect the institution's priorities and internal resources. For instance, there might be a need for a different student demographic such as an increase in part-time rather than full-time students or older students, or the SOE might need to use different course delivery models such as distance or online learning. Lastly, a regulatory environment adds to the cost of the institution. For instance, the institution must ensure safety standards or environmental protection, which are expenses that need to be accounted for.

Taken together, the literature provided an understanding of the different budget models currently used in higher education and the factors that influence these budgets, while offering a more detailed understanding of the revenue-based budget model. In addition, it provided historical perspective of finance in higher education. The literature discussed cultural aspects of change and the effects of such change on organizations and faculty, while providing a better understanding on how to deal with change. Lastly, the literature presented statistical analyses on the cost effect of higher education on individuals and society in an effort to answer the research questions:

1. Why is the School of Education at Peter Claver University implementing a revenue-based budget?
2. How is the School of Education at Peter Claver University implementing a revenue-based budget?
3. Will the School of Education at Peter Claver University be able to accomplish its strategic goals using the current revenue-based budget model? If not, what model would allow the SOE to accomplish its mission and strategic goals?

Peter Claver University School of Education

School of Education Historical Snapshot

The Department of Education at Peter Claver University opened its doors in the 1950s, primarily committed to preparing students in the areas of Counseling and Guidance, School Psychology, and Literacy. In 1992, the Department of Education decided to pursue national accreditation. To that end, the leadership of the department assessed the organizational structure and the national standards. The findings indicated that organizational changes were needed for the SOE to be accredited, including moving from a department to a school structure. With this shift, the director of the Department of Education became the director of the School of Education. In addition, the assessment suggested that the director, who later became the dean, should control the resources and possess budget authority over the school. In 1998, the School of Education was accredited by the National Council for Accreditation of Teacher Education (NCATE), and became one of a handful of private institutions on the West Coast that were nationally accredited. However, the accreditation team found that the structure did not

completely meet NCATE standards, particularly the standard on leadership, structure, governance, and resources. In 2000, Peter Claver University named its first dean of the SOE; however, the responsibility for budgeting and other resources were not moved under the dean's authority. In 2003, the dean of the SOE and the vice president for finance initiated the process of moving some programs within the school of education to be self-sufficient. This process helped initiate the budget discussion of moving the entire school of education budget to a revenue-based budget model. In 2005, the university appointed its second dean of the school of education. The newly appointed dean in coordination with the vice president for finance moved the entire school of education budget from the centralized unit to the school's management. The move to revenue-based budgeting was done to provide the school with more flexibility and accountability for resources, to ensure the NCATE standard on governance was met, and to allow for innovation.

In the early 1990s, PCU's SOE was located in the basement of a building, enrolled approximately 300 students, and employed three staff and nine full-time faculty. The school was located in one area of the campus. Due to the small size of the faculty, the whole department would gather and discuss student curricular and governance issues, and develop plans of action based on the discussions. The entire department would also discuss the future direction of the school and plan how to move the school in the desired direction.

PCU's Growth

The researcher in this case study was also a participant observer. By being a participant observer and an administrator at the PCU SOE, the researcher was able to gain access to the SOE's budget information including reports presented in this section. In addition, the researcher had access to the SOE's strategic direction, which led the budget planning process, and was also able to gain access to the daily functions of the budget, which would not have been possible otherwise. In addition, access to the overall institutional budget and budget process were also available.

The SOE grew in number of students and employees from the early 1990s to 2010. Most of the growth occurred during the period of 2003-2009. Due to the growth, the SOE changed its structure from one academic department to two, and then to five academic departments in 2007. However, the infrastructure did not change accordingly: full-time faculty shared offices, full-time faculty-to-student ratios were high, there were no written business policies or procedures, and the staff struggled with the multiple organizational changes. In addition, the budget process, planning, and management needed improvement. Table 6 illustrates the growth in the PCU SOE from 1995 to 2009.

Table 6. *Peter Claver University SOE Graduate Student and Faculty Data*

Year	Students	Percentage Increase	Full-time Faculty	Percentage Increase
2009	1,113	9%	39	19%
2005	1,016	53%	30	50%
2000	481	18%	15	20%
1995	394	NA	12	25%

Note. Data as reported by PCU Associate Dean, personal communication, October 2009.

The number of full-time faculty members increased from 12 in 1995 to 39 full-time faculty in 2009, as shown in Table 6. At the same time, the number of students increased from 394 in 1995 to 1,113 in 2009. In addition, the School also employed approximately 70 part-time faculty in 2009. Lastly, the number of staff increased from three in 1995 to 40 in 2009. As for the academic programs, the school increased in size and complexity. In 2009 PCU's SOE had 13 academic program areas up from 11 in 1995, and occupied four locations on campus.

Between 2000 and 2005, the increase in faculty and students as a percentage was almost equivalent to 50%. However, between 2005 and 2009, the addition of faculty was double that of the students, which brought the student to faculty ratio down from 32:1 to 30:1. Nevertheless, the SOE lagged behind on faculty hiring because of the increase in student population between 1995 and 2005. Thus, there was still a pressing need to add more faculty to catch up with the increase in students and to continue to decrease the student to faculty ratio as identified in the SOE strategic plan.

The growth illustrated in Table 6 required the SOE to restructure three times to better serve its students, improve business processes, and update policies, rules, and regulations to ensure that the infrastructure supported the growth. In 2005, the SOE appointed its second dean. The dean, in consultation with faculty, developed a strategic plan, which included decreasing the faculty-to-student ratio over time. From 2005 to 2009, the full-time faculty increased by 19% compared to a student increase of 9%. This increase demonstrated that SOE leadership was focusing on decreasing the student to faculty ratio.

Cultural Change and Transition Effects

Anatole France (1890) said, "All changes, even the most longed for, have their melancholy; for what we leave behind is part of ourselves; we must die to one life before we can enter into another" (p. 304). With the change in size and complexity of the SOE came cultural change and cultural shock. The hardest aspect to manage in any change is not the change itself, but rather the transformation of the culture to support the change. The process is as important as the product, stated the dean of the medical school at the University of Wisconsin (Ridley, Skochelak, & Farrell, 2002). People move through different stages as change occurs: anger, bargaining, anxiety, sadness, disorientation, and depression (Bridges, 2003). Leaders must provide the space for employees to experience the stages of change as change and reorganization takes place.

The change process consists of three stages: unfreezing, changing, and re-freezing, as described in Kurt Lewin's (1947) adoption of the systems concept of homeostasis or dynamic stability. This process takes an organization from a status quo to period of change through to a new desired and sustainable status quo (Owens & Valesky, 2007). Bridges (2003) argued that the most important aspect of any change is managing the transition and bringing people along. Bridges provided three phases of transitions including the ending, which is losing and letting go of the old ways; the neutral zone, which is the in-between time where the old is gone but the new is not fully operational; and the new beginning. Bridges explained that leaders should focus attention on the transition period and help employees go through the change as best as possible.

As PCU's SOE grew, there was a sense of loss of identity and culture. The move from one location to multiple locations created a sense of disconnect and confusion. Growth brought new rules of engagement. The SOE moved from an informal decision-making model to formal decision-making processes, procedures, and policies. In addition, multiple academic programs were added that increased the level of complexity and the support structure. The entire faculty no longer made decisions; input continued to be given by all, but individuals in leadership decisions made the decisions. This drastic change took place in a very short period of time. Subsequently, there were multiple iterations and structural changes made to support the new environment.

Change in leadership is always hard on a community. With new leadership comes a new management style, new ways of doing business, and a new vision. In addition to change in leadership, the role of the dean evolved from being the dean of the faculty to the dean of faculty as well as a fundraiser. This change in job description required the dean to spend more time cultivating donors and working with external constituents, which detracted from the internal constituents. Combining the change in organizational culture with the change in the dean's role made it harder on faculty and staff to accept changes and believe in the vision.

One of the most important tasks of leadership during times of change is to put into words when it is time to depart from the old ways (Bridges, 2003). Thus, it is important for leadership to remind employees what the change is and what benefits the change will bring, inform them of what they must leave behind, give them the time and space to grieve, and, most importantly, treat the past with respect. Adizes (1979) stated:

> People, products, markets, even societies, have lifecycles – birth, growth, maturity, old age, and death. At every lifecycle passage a typical pattern of behavior emerges . . . as the organization passes from one phase of its life to the next, different roles are emphasized and the different role combinations that result produce different organizational behaviors. The lifecycle model enables an organization to foresee the problems it will face as it grows over time. Furthermore, it presents a framework for prescribing the treatments most likely to be effective depending on the lifecycle stage of the organization. (pp. 4, 25)

Financial Processes and Decision-Making

In the early days of PCU, the Department of Education did not have its own budget. The budget was centrally located in the office of the Academic Vice President. The budget request process was simple: Faculty would go to the director with their requests and the director would go to the academic vice president to request the funds. If funds were available, the faculty request would be granted. Budgets were not modeled on strategic plans or goals, but rather on availability. There were no specific processes for requesting funds or priorities for receiving funds. Informal practices were the norm.

During the 1990s, as the SOE added new programs, the dean and the vice president of business and finance decided all new programs would have to be self sufficient, and therefore required an informal revenue-based budget model. Hence, the budget ownership by the dean and the SOE began. In 2004, Peter Claver University made the decision to move its School of Education budget model from a centralized

budget model to a revenue-based one, also known as Responsibility Center Budgeting. Whalen (1991) described the three basic principles of the model: (a) all costs and income attributable to each school and other academic units should be assigned to that unit; (b) appropriate incentives should exist for each academic unit to increase income and reduce costs to further a clear set of academic priorities; and (c) all costs of other units, such as the library or student counseling, should be allocated to the academic units.

A number of problems with the implementation of the new budget model became evident. Primarily, the timeline used to switch from a centralized budgeting model to the revenue-based one was too short (between 6 and 10 weeks). The sudden change happened without an in-depth discussion among all stakeholders regarding budget allocations and resource requirements. No study of alternative models, discussions about the lessons learned, or acknowledgement of the pitfalls that accompanied the model change had been made, and no systematic plans were prepared for readjusting or reconfiguring the budget. Lastly, no assessment was put in place to ensure the model's viability and sustainability. Conversely, as an alternate example, the University of Wisconsin Medical School developed and implemented its mission-aligned management and allocation model in multiple phases and during a multi-year timeline that included about 100 faculty and administrators in the process to ensure the successful implementation of the change. Despite initial support for the concept, three phases of planning for implementation were needed until a final product garnered sufficient acceptance from the various constituencies within the medical school (Ridley, 2002).

The Current Study

PCU's SOE desired a sustainable and well-defined budget model to allow for the attainment of its vision of governance and strategic goals. The implementation of the SOE's revenue-based budget model was done expeditiously and without full understanding of what the change would entail. Implications, such as a complete understanding among all university constituents as to the desired outcome of the implementation, the assessment method to ensure the success of the implementation, the viability of the new budget model, and the capacity of the SOE to accomplish its strategic goals were not considered, and resulted in confusion about roles and responsibilities.

The purpose of this study was to assess the PCU SOE budget model, determine its viability, research best practices from the field, and, based on the findings, propose recommendations that would allow the SOE to accomplish its mission and strategic goals. Among these goals was the plan to decrease the student to faculty ratio to improve the student learning environment, increase financial aid support to students to facilitate a diverse student population, and increase the number of support staff to ensure personalized services for students and faculty. A further purpose of this study was to build a budget structure based on sound accounting and budget criteria and to develop policies to determine and clarify roles, responsibilities, and oversight of the SOE budget.

This study attempted to accomplish these goals by investigating the history of the budget change at the PCU SOE and by gathering information from schools of education with similar missions to create recommendations for a sustainable budget model.

Methodology

In many qualitative studies, interviews are used alongside other data collection methods, but they can be the primary or only data source in some qualitative projects (Hatch, 2002). The research questions were answered by conducting interviews with the dean of PCU and deans at similar mission-based universities that used a revenue-based budget model. The collected data educated the researcher about the advantages and disadvantages of already established revenue-based budget models and informed the revenue-based budget model implemented at PCU.

Participants

Peter Claver University. At Peter Claver University, the dean of the school of education was interviewed in a semi-structured interview format. The dean was chosen because the change in the budget model occurred during the dean's tenure. The researcher attempted to capture the entire change in budget and financing at PCU's SOE.

Comparable universities. Two schools of education from comparable institutions, identified as Jeremiah University and University College, were selected to participate in the study because they were mission-based and their missions were comparable to that of Peter Claver University's SOE. Jeremiah University (JU) and University College (UC), both fictitious names, were kept anonymous for the purpose of the study. All participating schools of education prepared candidates to become teachers and leaders in public, private, and Catholic schools. The deans of these schools of education in each of the universities were chosen because they were the leaders of the schools, had a good understanding of their schools' needs, and understood the financial

implications of any changes in financial allocations. One of the schools was located on the east coast and the other on the West Coast. In addition to the deans, the researcher wanted to interview the provosts of the three institutions to get their perspectives on revenue-based budget models at their institutions; however, two of the three provosts were new to their positions at the institutions. Therefore, interviewing the provosts would not have provided the necessary material needed.

Table 7 shows the similarities of the three institutions in this case study. Data were gathered from the *U.S. News and World Report* and was part of the 2009-2010 data set.

Table 7. *SOE U.S. News and World Report Data Set 2009-2010*

Data	PCU	JU	UC
Application fee	$50	$85	$50
Full-time Faculty	29	23	35
Part-time Faculty	94	71	71
Ratio Ed.D. students to FTTF *	1.9	9.5	4.0
Tuition	$916	$1,299	$1,000
Required Fees	$315	$1,956	$95
Total Graduate Enrollment	1,106	1,272	1,215
Number of Ed.D. and Ph.D. part-time and full-time students	54	609	401
Degrees offered	Master's, Ed.D.	Master's, Ed.D., Ph.D.	Master's, Ed.D., Ph.D.

Note. Adapted from U.S. News and World Report (2009-2010). * FTTF: Full-time Tenured Faculty.

In addition to the table above, the institutions that participated in this study had many similarities that made comparisons relevant, including that all were private

institutions, all prepared candidates to become teachers and leaders in public, private, and Catholic schools, all offered graduate programs, all were located in urban settings, and all used revenue-based budgeting.

Data Collection Procedures

To address the research questions, telephone interviews and an online survey were used. Prior to data collection, the researcher received approval to conduct the research from the Institutional Review Board (IRB) as required at Peter Claver University and completed the National Institutes of Health (NIH) web based training course titled "Protecting Human Research Participants."

Survey. Prior to the interviews, an online survey was developed and emailed to the participants, using Qualtrics software, as part of the data collection process. The survey was emailed to all participants on November 28, 2010. The survey included 32 questions. Questions ranged from multiple-choice check boxes, to true or false, and, based on some answers, the survey offered the participants with space to provide more details. Appendix A provides the entire survey.

The survey was used to gather data in the following four categories: (a) to better understand the budget of each of the participating schools, (b) to better understand the assessment or tax each of the schools paid back to the centralized unit, (c) to understand the faculty expectations as part of the budget model, and (d) to collect demographics over a period of time so the researcher had a better understanding of historical trends for each of the schools. For example, participants were asked which budget model was used at their institution and what was the dean's role in both revenue and expenditures. They

were also asked if the dean used a formula to pay the assessment to the institution and to provide the percentage of SOE revenue that is charged back as part of the formula for assessment. The researcher also sought to find out what the faculty expectations were regarding operating funds the faculty could use for travel, conferences, and presentations, and if faculty positions would revert back to a centralized pool if they went unfilled. In addition, the data from the survey was used as a tool to prepare the deans to engage the researcher during the interview.

Interviews. Once the survey was completed, the researcher sent a note to the participants acknowledging the receipt of the completed survey and thanking them for completing the survey. In addition, the researcher requested to setup an interview date and time. Once the interviews were scheduled and 10 days prior to each of the interviews, the researcher sent the participants an email thanking the participants again for completing the survey and providing the participants with the list of questions for the interview, including any follow-up questions based on the survey responses.

Three days prior to each interview, the researcher sent the participants an email reminding them of the interview date and time, and providing the participants with the list of questions again that would be discussed during the interview.

Both the researcher and the participants decided that due to time constraints, the interviews would be done via telephone. Each of the telephone interviews started with the researcher introducing the study. In addition, all participants were asked the same set of questions (see Appendix B for list of interview questions). During the telephone interviews, the researcher followed a semi-structured format, also known as a formal

interview format. Semi-structured interviews are formal in the sense that the researcher is "in charge" of leading the interview (Hatch, 2002). The interviews followed a semi-structured format because although the researcher had prepared a set of guiding questions, the researcher was open to follow-up questions and probing questions that arose during the interview interactions. Researchers use interviews to explore informants' experiences and interpretations (Mishler, 1986; Spradley, 1979 as cited in Hatch, 2002). The interviews were allocated one-hour time limits. The interviews were recorded and transcribed. Lastly, the researcher added a few questions that arose from the survey responses; however these questions were specific to each participant.

Sites

PCU. At Peter Claver University, the researcher contacted and scheduled a one-hour interview with the dean of the school of education. Although the interview was set for one hour, the total interview took 30 minutes, in which all the questions were asked and answered. The telephone interview was conducted on January 18, 2011.

On November 28, 2010 the researcher sent a survey to the dean of PCU's SOE (see Appendix A) asking for information about allocation of resources and the decision making process used to change the budget model. This survey provided the dean with a chance to prepare for the interview and also provided the researcher with data to be confirmed and explained during the telephone interview. The dean was asked to return the survey prior to the interview in order to allow the researcher to review the information. The dean of PCU SOE completed the survey on January 4, 2011. On January 11, 2011 the researcher sent the dean at PCU SOE a follow-up email reminding

the dean of the meeting date and time, and providing the dean with the interview questions and any follow-up questions based on the survey responses (see Appendix B).

During the interview with the dean from PCU, no additional questions arose, and all questions were covered during the allotted time. Thus, there was no need to spend more than the hour of time or request additional time at a later date. The interview was taped. It was understood at the beginning of the conversation that although the telephone call was being taped, the transcription would be used for the researcher only and would not be added to the dissertation itself. This allowed for a more relaxed atmosphere that led to an open and frank conversation.

Lastly, the researcher collected available artifacts at PCU to help in better understanding the revenue-based budget. For example, the researcher collected memos that provided details on the decision to move to a different budget model, and budget sheets detailing the change from year to year of the budget for PCU's SOE.

Comparable universities. On November 11, 2010 an email was sent to four deans from selected universities to request their assistance with this project (see Appendix C). Two of the deans replied accepting the invitation to be part of the research within two weeks from the date they were invited. The other two deans never replied to the invitation, thus the researcher considered them uninterested in taking part in the study. A week after each dean accepted the invitation, the researcher followed-up with a phone call to discuss the research, provide additional information regarding the survey, and set up an interview time. During the phone call, the researcher informed the deans that the one-hour interview would take place after the survey was complete. The deans

were asked to complete the survey or have their designee complete the survey within a month from the date they received it so that the researcher would have the data in hand prior to interviewing the dean.

On November 28, 2010 the researcher sent the survey to the deans at JU and UC (see Appendix A) asking for information about allocation of resources and the decision making process used to change the budget model.

The dean at JU completed the survey on December 8, 2010. On December 13, 2010 the researcher sent the dean a follow-up email reminding the dean of the meeting date and time, and providing the dean with the interview questions and any follow-up questions based on the survey responses (see Appendices B and D).

The interview with the dean of JU took place on December 20, 2010 and took 45 minutes. During the interview with the dean at JU, no additional questions arose, and all questions were covered during the allotted time. The interview was taped. It was understood at the beginning of the conversation that although the telephone call was being taped, the transcription would be used for the researcher only and would not be added to the dissertation itself.

The dean at UC completed the survey on December 22, 2010. On December 29, 2010 the researcher sent the dean at UC a follow-up email reminding the dean of the meeting date and time, and providing the dean with the interview questions and any follow-up questions based on the survey responses (see Appendix B).

The interview with the dean of UC took place on January 4, 2011. The interview took 50 minutes. During the interview with the dean, no additional questions arose, and

all questions were covered during the allotted time. However, it was decided during the interview that artifacts such as the allocation of resources at UC would be sent to the researcher via overnight mail. The researcher received the additional documents two days after the interview. The interview was taped. It was understood at the beginning of the conversation that although the telephone call was being taped, the transcription would be used for the researcher only and would not be added to the dissertation itself.

In conclusion, the data collection procedures included an online survey, which was developed and sent to the three deans. After completing the survey, the deans were interviewed by telephone using a semi-structured format. Participants were sent a copy of the interview questions ahead of time so they were better prepared for the interview. In addition to the interview questions, the researcher was able to ask questions related to the survey, especially if any responses were incomplete. All interviews were recorded and later transcribed.

Analytical Plan

Pattern analysis was used to analyze the qualitative data. This process of analyzing and interpreting data included preparing and organizing the data for analysis, exploring the data, describing and developing themes from the data, representing and reporting the findings, interpreting the findings, and validating the accuracy and credibility of the findings (Creswell, 2002). Pattern analysis demands a thorough analysis and search through the data, looking for evidence and alternative explanations (McMillan & Schumacher, 2006). The method starts by developing codes or segments, then categorizing the codes in a set of categories. The different categories then develop

into patterns. To examine the collected data, common themes shared across participants were examined, especially to study the advantages and disadvantages of their budget approaches. The ultimate goal of qualitative research is to make general statements about relationships among categories by discovering patterns of data (McMillan & Schumacher, 2006).

Conclusion

This chapter focused on three key areas, including the review of literature on types of budgets that are used in higher education institutions, the impact of higher education on the economic growth of the country, and some factors that influence budgets. In addition, a historical snapshot of Peter Claver SOE was provided including its growth over the last 15 years and the change in culture and its effect on the faculty. Lastly, the methodology used in this research was presented which included a description of the participants, the data collection procedures, and the analytical plan.

Chapter III focuses on three key areas, including data analysis, summary of findings, and recommendations. The chapter starts by providing the analysis done of the survey as well as the interview questions. The chapter then presents a summary of the findings to inform the recommendations, and, lastly, the chapter presents the set of recommendations.

CHAPTER III:

DATA ANALYSIS, FINDINGS, AND RECOMMENDATIONS

PCU decided to move its SOE budget to a revenue-based model in order to accomplish the strategic goals of allowing for growth and innovation in the PCU School of Education, giving full financial responsibility and accountability to the dean, and, pending success, providing a successful budget model to the other schools and colleges within PCU.

This chapter provides an analysis of the data, a summary of findings, and an overview of recommendations for implementation and future research. The chapter first provides an analysis of the survey data and the interview questions. The findings are then developed to inform the presented recommendations.

Statement of the Problem

Organizations must have well-defined and sustainable budget models to allow for the accomplishment of vision and strategic goals. The problem that informed this case study was that the implementation of PCU's SOE revenue-based budget model was done expeditiously and without full understanding of the implications of the implementation. There was no agreement among university constituents pertaining to the desired outcomes of the implementation, the assessment method to determine the success of the implementation, the viability of the budget model, or the capacity of the SOE to accomplish its vision and strategic goals with this new model.

Purpose of the Study

The purpose of this study was to assess the PCU SOE budget model and determine its viability. In addition to assessing the PCU budget model, the researcher compared and contrasted the PCU SOE budget model with two other similar institutions that used the revenue-based budget model for a number of years. This comparing and contrasting was done to determine best practices. Based on the findings, the researcher developed some recommendations that PCU SOE could implement to accomplish its mission and strategic goals.

Data Analysis

The data analysis is presented in two main sections, including surveys and triangulating survey and interview data to support the interview responses. The survey section provides findings based on similarities and differences among institutions. The interview section provides details and an in-depth analysis of the interview with supporting data from the surveys.

Surveys

The survey was developed to gather data in four areas, including the budget of each of the participating schools, the assessment or tax each the school paid back to the central unit, the faculty expectations of the budget model, and the demographics over a period of time as indicators of historical trends for each school. In addition, the survey was used as a tool to prepare the deans to engage with the researcher during the interview.

The first step in the data analysis was to review each of the survey responses to understand the data. The data from each survey were uploaded from Qualtrics into a Microsoft Excel spreadsheet. Each survey was presented as a tab in the spreadsheet. In addition to the three tabs representing each survey, the researcher added a fourth tab to summarize the responses for each question from the three surveys. In the fourth tab, the researcher developed a snapshot of each of the answers to determine institutional similarities and differences.

The survey consisted of 32 questions and each tab included the set of 32 questions numbered in the first column. In addition, column two included the possible entries. For instance, if there were multiple-choice responses with up to six choices, a set of 1—6 was shown in column two. Columns three and on included all the possible responses for each question.

The researcher used two sets of coding schema in the spreadsheets. For questions that had a *yes* or *no* response, the data were coded as *1* or *0*, respectively. However, if the questions had multiple categories, participants were asked to indicate yes or no responses, which were coded again as 1 or 0, respectively. In addition, an *other* column allowed any additional information to be provided as comments to be included for analysis. The data collection tables are shown in Appendix F.

As mentioned earlier, the four tabs linked together provided an initial understanding of what the three schools had in common and where they differed. For instance, the first survey question asked deans to indicate which budget model was used at their university and they were instructed to check all that applied. There were 12

possible responses and two of the institutions answered that they used a revenue-based budget, while one indicated a centralized budget. From the data analysis, the researcher found the following similarities:

- Each SOE used revenue-based budgeting.
- The deans were responsible for both revenue and expenditures.
- The institutions used formulas for the tax the SOE pays the central office.
- The formulas were reassessed on a yearly basis.
- Two of the institutions were not provided with detailed information on the centralized cost allocation.
- None of the SOEs had service level agreements in place with service providers.
- None of the SOE faculty were members of a collective bargaining unit.
- Faculty were governed by the university faculty handbook.
- Salary increases were centralized and not SOE specific.
- Tuition remission to faculty, staff, and their family members was provided as a benefit.
- The SOEs competed for resources with other schools at the institution.

From the data analysis, the researcher found the following differences:

- Two of the three institutions used revenue-based budgeting at the institutional level.
- Each institution used a different formula for the SOE to pay the central office.

- One of the institutions, University College, was provided detailed information on the centralized cost allocation.
- At PCU, faculty positions that went unfilled for two or more years reverted to the institution, while at JU and UC the positions stayed within the SOE.

The researcher conducted in-depth analyses of each question to illustrate the schools' similarities and differences. The researcher listed the responses of the three schools to each question and commented on the questions based on the responses and the additional information gathered from the telephone interviews. This method provided a deeper understanding of the survey data.

Triangulating Survey and Interview Data

In addition to the survey, a phone interview was conducted with each of the deans of the schools of education. The telephone interviews were conducted after the survey responses were submitted and analyzed to ensure that any clarification the researcher needed regarding survey responses was answered during the interview session.

This section combines the survey responses with information gathered during the interviews to provide a full picture of the data. This section is divided into five categories, including budget model, support, formula assessment, budget model assessment, and faculty.

Budget model. The first two survey questions focused on the budget model used at the three institutions. Although the use of many different budget models was possible, when asked which budget model was utilized at the institutional level, two of the three institutions stated that a revenue-based budget model was used, while the third, PCU,

indicated it used a centralized budget model. In Tables 8 through 14 the data were coded as 1 or 0 to represent yes and no responses, respectively.

Table 8. *Institutional Budget Model*

Response	PCU	JU	UC
Revenue-Based Budget	0	1	1
Centralized Budget	1	0	0

Although at the institution level, only two of the three institutions used revenue-based budgeting, all three SOEs used revenue-based budget model. PCU moved its SOE to a revenue-based budget model while the rest of the PCU colleges and schools used a centralized budget model. PCU was unique from the other two institutions in this approach.

As mentioned earlier in the chapter, the data indicated that deans were responsible for both revenue and expenditures in the revenue-based budget. When asked about the advantages and disadvantages of revenue-based budget model in the interview, the dean at JU noted, "I definitely prefer revenue-based budgeting, because it holds us accountable for being able to drive our mission and strategic initiatives through the budget process" (personal communication, December 20, 2010). The dean at PCU stated:

> One of the advantages is that we are able to control our own destiny more. We are able to make more decisions at the school level. We still have to go through the process of getting the budget approved, and in fact the university requires us to go through the same approval processes that other colleges or schools do, but I do believe they look at us a little bit differently. (personal communication, January 18, 2011)

The UC dean commented, “It makes me mindful of the fact that we are part of a larger organization, so we do not lose sight of the university” (personal communication, January 5, 2011).

To better understand how each SOE generated revenues, the researcher asked for a definition of revenue from each SOE. Table 9 provides the responses for each institution. In addition to the above list, the dean at UC added technology and assessment fees to the responses.

Table 9. *Revenue Generation Methods*

Response	PCU	JU	UC
Student Tuition	1	1	1
Federal Aid	1	0	1
Scholarships (tuition discount, school based aid)	1	1	1
Course Related Fees (other than application fee)	1	0	1
Student Application Fee	0	0	1
Endowment	1	1	1
Grants and Gifts	1	1	1
Sponsored Research	1	1	1
Transcript Fee	0	0	0
Late/Deferred Fee	0	0	1
Food Sales Rebate	0	0	0
Other (please describe)	0	0	1

JU and UC indicated the same revenue sources, except for Federal Aid and course related fees. PCU considered these as revenue while JU did not. UC, in addition to PCU and JU, also included the student application fee and late or deferred fees as revenue sources. UC generated revenue from more sources than PCU and JU.

In discussing the formulas used for the revenue-based budgeting with the deans during the interviews, differences became apparent in the formulas. What was considered as part of the assessment to the institution differed by school.

Support. The next section explores the services the university provides to the SOEs. Services examined included academic support such as library, academic computing, and academic affairs; student services such as admissions, registrar, and financial aid administration; institutional support such as general administration, alumni relations, and business office; and physical plant operations and maintenance such as utilities, space, and grounds.

Academic support. All three SOE deans indicated that they used the entire functions of the academic support: the library, academic computing, academic affairs, academic administration, learning resources, personnel development, and research and graduate development. However when asked to provide more details, the dean at PCU stated:

> Sometimes the university does not know what to do with us; for example, the university has a policy that does allocation of the overhead on grants; 70% goes to the provost's office to pay for the academic grants staff, the other 30% gets distributed 20% to the PI (principal investigator), 5% to the department, and 5% to the dean's office. We used to get a 100% of that to the dean's office; now we are getting 5%. Two problems I have with that, we are paying a tax on the grants, while we are paying an overall tax through our tuition model, so I call that double tax. We are paying a tax already for these services and we are getting taxed again. The second problem is that we don't get many services from the grants office. (personal communication, January 18, 2011)

Regarding student services, this function included student services administration, admissions, the registrar, counseling and guidance, financial aid administration, scholarships, fellowships, and fee remissions.

Student services. PCU indicated that it used its own staff for most of the services compared to JU and UC, therefore relying less on the university student services offices than the other two institutions. JU was the most reliant on university student services, as shared during the survey and indicated by Table 10.

Table 10. *Student Services*

Response	PCU	JU	UC
Student Services Administration	0	1	1
Admissions	1	1	1
Registrar	1	1	1
Counseling and Guidance	0	1	1
Financial Aid Administration	1	1	1
Scholarships	0	1	0
Fellowships	0	1	0
Fee Remissions	0	0	0

Institutional support. In addition to student services and academic support, institutional support, which included executive management, general administration, community relations, alumni relations, business office and fiscal operations, was also discussed under the umbrella of support. Executive management, for the purpose of this research included trustees, president, chancellors, and their immediate staff. Trustees generally serve without pay; however, they require administrative support to help with meeting scheduling, correspondence, and other services (Whalen, 1991). General administration included accounting, budgeting, bursar, controller, data processing, financial management, governmental relations, legal counsel, liability and property

insurance, payroll, personnel, purchasing, real estate, treasurer, and university relations functions.

PCU and JU used the same number of institutional support services, although PCU did not use university alumni relations to support its alumni needs, while UC did not use executive management in their institutional support. JU used the least institutional support and, therefore, was able to accomplish most of its institutional support needs within its staffing (see Table 11).

Table 11. *Institutional Support*

Response	PCU	JU	UC
Executive Management	1	1	0
General Administration	1	1	1
Community Relations	1	0	1
Alumni Relations	0	0	1
Business Office	1	0	1
Fiscal Operations	1	1	1

Operations and maintenance. Lastly, physical plant costs included the costs of space, utilities, grounds, etc. that were distributed according to space occupied by the school. Two of the three schools, JU and UC, indicated that they paid for physical plant operations. After reviewing the information with the deans, these two schools paid for the physical plant operations and maintenance in addition to the tax they paid to the central office as part of the revenue-based budget (see Table 12). PCU paid for physical plant use as part of its assessment formula.

Table 12. *Physical Plant Operations Maintenance*

Response	PCU	JU	UC
Yes	0	1	1
No	1	0	0

Formula Assessment. The next section discusses the formula used to assess the SOEs, including items used in the formula and assessment of the formula by the institutions. As mentioned in the previous sections, all three institutions used a formula to tax the SOEs. However, each institution used a different formula and set of rules and guidelines to tax the SOE.

JU's formula included the following three types of taxes: *Participation*, which was a percent of operating revenue that was used to fund university priorities; *Direct Expenses*, which included space, telephone equipment and usage, and utilities; and *Indirect Expenses*, which was calculated on the basis of historical budget data and increases or decreases based on a three year average calculation. The SOE was responsible for the full costs of the SOE operation, including the support and service functions provided by university administrative departments.

UC used a complex allocation model comprised of four variables that were weighted in allocation formulas for each central service provided to the school. The four variables were instructional index, alumni headcount, operating size, and resident student headcount. Instructional index equaled the number of course registrations for each school divided by the number of cost registrations for the university as a whole. Alumni headcount equaled the number of alumni from each school that could be reached by the development office divided by the total of such alumni for the entire university. Operating size equaled the direct expenses of each school (excluding financial aid) divided by the total of direct expenses (excluding financial aid) for all of the schools in

the university. Resident student headcount equaled the number of resident students registered in each school divided by the total of all resident students.

The observations above provide an idea of the differences in the way taxation worked at two of the three schools. The dean at PCU noted:

> There were a number of programs that were funded by the provost, for example the sabbatical program that the SOE used to get the funding per year transferred to our budget and a couple of years ago, the finance department made the decision to end that, so we no longer get the support from the provost's office that we used to get, yet we are still paying the same tax. We still have a question, what exactly does this tax do for us and why we pay here and there. (personal communication, January 18, 2011)

The dean at UC explained, "The problem with the model that we have now and we have a task force looking at it to maybe reconsider how we do it, I don't know until the end of the budget year how much my allocations are going to be" (personal communication, January 5, 2011).

Like many programs in higher education, assessment is key to improving the processes. The same goes for the taxation formula. All three deans stated that the reassessment of the formulas should take place on a yearly basis; however, the reassessment at UC was intended but not usually done, while at PCU, the finance office determined the change and informed the dean of the change without input from the SOE. JU used the model for more than 20 years, since 1990. At the time of the study, UC was

going through a full assessment of the revenue-based budget model. In fact, the new provost decided to impanel a task force to examine the budget model, dispose of what was not working, and improve on what was working.

As for the assessment to the central unit, each of the institutions responded differently. JU and UC's tax-back assessment was based on a set formula. As for PCU, the formula showed that their tax-back excluded student application fees, course related fees, transcript fees, and late or deferred fees. The dean at JU noted, "Tax-back or assessments are like the federal government taxes, there are certain things you get from the feds even though you might not like paying taxes and you may try to reduce that as much as possible. The same with tax-backs at our institution, we don't have the ability to reduce taxes" (personal communication, December 20, 2010).

Table 13. *Tax-Back Assessment Items*

Response	PCU	JU	UC
Student Tuition	1	N/A	0
Federal Aid	1	N/A	0
Student Application Fee	0	N/A	0
Scholarship (tuition discount, school based aid)	1	N/A	0
Course Related Fees (other than application fee)	0	N/A	0
Endowment	1	N/A	0
Grants and Gifts	1	N/A	0
Sponsored Research	1	N/A	0
Transcript Fee	0	N/A	0
Late/Deferred Fee	0	N/A	0
Other (please describe)	0	N/A	1

As illustrated in Table 13, PCU and JU had their tax-back assessment as a percent of the total revenue, although the set formula changed from year to year. However, for

UC, the tax-back assessment was cost associated and not revenue based. The percentage of total SOE revenue charged as tax-back at PCU was 6.03%, while at JU it was 6.80%.

Regarding the timing of the the assessment tax-back taken from the SOE budgets, the three institutions had their taxes taken from their budgets at the end of fiscal year, although the SOE at JU had part of their taxes taken from their budgets at the first quarter. Only indirect taxes were taken in the first quarter of the fiscal year. For this institution, the taxes taken in the first quarter were student fee income and recovery of indirect costs on grants and contracts.

Table 14. *Quarter Assessment Taken from SOE Budget*

Response	PCU	JU	UC
First Quarter of Fiscal Year	0	1	0
Second Quarter of Fiscal Year	0	0	0
Third Quarter of Fiscal Year	0	0	0
End of Fiscal Year	1	0	1
Other	0	0	0

As part of the assessment, the researcher wanted to also understand how the money sent back to the centralized office was used and if the deans were aware of how it was being spent. To that end, and based on the survey responses, none of the deans had detailed information on the centralized cost allocation, which means the tax-back was not associated with specific departments but rather general taxes. However, when discussing this question during the interview to get more in depth understanding, the dean of UC provided a list of departments that received the allocations. The other two deans did not have such lists to work with. The dean at UC also noted:

> For recording purposes the institution breaks out all student services that are centrally provided, enrollment services, library services, academic

> support services, and central administration, plant and operations, development services. I know what the bill is projected to be this year and for the next 3 years. The underlying principle the model rests on is that schools that benefit from services pay for those services, if the school is not benefiting from those services, the school does not pay for those services. (personal communication, January 5, 2011)

Assessment of Budget Model. One of the benefits of using revenue-based budgeting includes financial rewards, meaning that the more revenue collected, the more flexibility and innovation that can take place at the SOE. In this next section, the researcher tried to get an understanding of performance evaluation based on financial success or failure. The researcher focused on three key questions: What happens if the SOE exceeds its financial goals? If it does exceed its goals, how does the SOE use the surplus? And, what happens if the SOE does not meet its financial obligations? To that end, when asked about not meeting the financial obligations, the dean at UC indicated that operating deficits were written off on the university general ledger. While at JU, the participation and indirect expense were taken out at the beginning of the year, and in most cases expenses could not be higher than income. However, if JU had money banked from prior years or in its non-operating accounts, they were allowed to use those funds to balance the year. Lastly, if the PCU SOE didn't make its budget, the school had to cut or layoff employees. Therefore, at two institutions, the central unit would make up the difference when the SOE was in the red. At PCU, the dean would have to make decisions on budget cuts and layoffs. The dean at JU noted, "As far as the university is

concerned you have to balance your budget and you don't go in the red. You go in the red very often before you are not going to be dean. So they hold you accountable for what happens in the school with the budget being the biggest indicator" (personal communication, December 20, 2010). The dean at PCU stated:

> If we don't make our budget, we have to cut. We had to do that once in my tenure as dean, but we did it, we made some budget adjustments and we did fine, so you live or die by those numbers every year. This is probably both a negative and a positive, it made us better at looking at our numbers and forecasting and thinking about our policies and procedures because the bottom line is about revenue. (personal communication, January 18, 2011)

As for exceeding their financial goals, each institution had a different method of utilizing the surplus. At PCU, the extra funds went into the SOE endowment, specifically scholarships. By contrast, at JU, the excess money was banked at the provost's office for use at a later date or for university wide initiatives as needed. It is worth noting that at JU, the SOE could not use the funds banked with the provost for a full year from the date deposited. The SOE of JU could not put the funds in its endowment either because it was considered an operating fund. As for UC, all excess revenue went to the general university funds. The dean at UC noted:

> What happens if you bring more revenue than you predict, you can't spend it that year; the addition goes into the provost reserve, which is like a savings account and you cannot have access to it for one calendar year and even then you have to

> get permission for the kind of projects you want to do with that money. (personal communication, January 5, 2011)

By drilling down further into the daily transactions of the budget model and approval processes, the researcher found that the three institutions used essentially the same model, where each institution required a signature above the dean's for daily budget transactions for deans' expenses. The idea behind the additional signatures was to ensure deans were abiding by university rules and guidelines, and to ensure that audits went smoothly. However, each of the deans felt that the scrutiny of the extra signature was too restrictive, especially when dealing with donors. The dean at JU commented, "I can't approve my own expenses. It is the same for equipment and supplies, everything that hits the operating budget, I have signature as long as it is not reimbursing me or paying for my expenses" (personal communication, December 20, 2010). The dean at UC stated:

> Everybody has one person over them to sign off on their expenses. For instance, I have the provost who looks over my expenditures; the only things he approves are from the account that I control and not for expenditures that my faculty or associate deans make. (personal communication, December 20, 2010)

Although the deans were required to have the provosts' signatures for the daily transactions, none of the SOEs had or required any service level agreements with the central office or offices that provided them with services. This policy was a matter of accountability from the central office or offices that delivered services to the SOEs. Each of the deans felt they could call their counterparts in the service areas and get the support they needed. The three deans felt that it would be better to have service level agreements

so there were no doubts about what should be provided to them. When asked if a service department was not providing the SOE with the support they needed, the dean at UC noted:

> You just call and say this is not working, and if you don't get a response you go to the provost. Usually when something is not happening, I call the vice president of the area and tell them what is not working, we get a quick response. In addition, careful monitoring of expenses and budget planning that includes careful estimates of non-recurring expenses are essential; and the use of restricted funds to support new initiatives. (personal communication, January 5, 2011)

At PCU, the dean engaged with leadership in other units and kept a strong relationship with the service providers, which was not the best solution but it was the only one available. The dean at UC noted that the SOE had access to where the tax-back was spent, stating:

> It gives the deans the opportunity to at least raise questions about the increases in the non-school costs that we would not otherwise have the opportunity to raise. For instance, I can ask why I have to put so much money to support the development office. If we were not using the current model where we see the allocation of these services, we would not be able to ask questions with the authority we can now. (personal communication, January 5, 2011)

Hence, since there were no service level agreements in place for any of the SOEs, relationships were critical for each of the deans.

Faculty. The data suggested that the faculty members at the three institutions had some similarities and some differences. Faculty were similar in that they abided by the institution's faculty governance handbook. In addition, the faculty members were not part of a collective bargaining unit. Raises for faculty took place at the institution's level instead of the SOE level, and the increase in tuition was institution-wide as well. In addition, all three institutions provided tuition remission for their faculty and staff, and for their respective family members. However, faculty at the three SOEs differed in the areas of course load and research requirements. For instance, PCU's SOE faculty members were expected to have a workload of 3/3, while at JU's SOE they were expected to teach 2/2. At UC, the SOE was in the process of moving its faculty from 3/3 to 3/2 within the year of the study. The workload requirement changes at UC's SOE were meant to allow faculty to do more research, promote publications, and secure more grants.

In addition to the above differences, the deans perceived that faculty members at each SOE had different expectations when dealing with travel. At PCU's SOE, the dean suggested that faculty expected funds for presentations, attending conferences, and research and creative work, while faculty at UC's SOE expected funds only for travels when they were making presentations. Lastly, at JU, the dean indicated that faculty members did not have any expectation when dealing with travel funds and they needed to provide for their own travel expenses. During the interview, the dean at JU mentioned,

"Faculty in research institutions know that they must provide for their research, presentations, and travel through grants and other means. The SOE is not responsible for such expenditures. This is part of the hiring process at our institution" (personal communication, December 20, 2010).

The dean of JU's expectation was that faculty members publish on a regular basis, while the deans at PCU and UC were trying to figure out the faculty expectations with regards to course load, publications, and research expectations. The dean at UC was in the process of working with faculty on setting up benchmarks for expected research and publications as part of the decrease in course load. The dean noted, "The university made a commitment to 3/2 course load, I am implementing the change in a slow fashion. I have not pulled the entire faculty down to 3/2 course load. I am in discussion with my faculty about that, but by September they will all be 3/2" (personal communication, January 5, 2011).

Lastly, when the deans were asked if faculty positions reverted to the central pool when open or unfilled for two or more years, the dean at PCU acknowledged that the positions would revert to the centralized pool. However, faculty positions that were open or unfilled would stay within the SOE at JU and UC. During the interview, the dean at JU noted:

> In fact we don't have anything called line, we have compensation and if a person leaves, their salary goes back into the compensation and there is no line. Although it is hard to get the faculty to get their hands around this issue, if someone leaves, within the school there is competition as to who

would get the money, but just because someone left, you cannot just assume that you are going to get a line. (personal communication, December 20, 2010)

Lastly, each of the SOEs competed for resources with other schools at each of the respective institutions. JU competed for resources that were far and beyond what its operating budget could handle. For instance, when the dean needed to provide extra funds for faculty recruitment, including relocation and housing (e.g. housing loans) that went beyond the regularly allocated funds, the SOE could not afford such requests and would compete with other schools for such a request. The second would be for any endowed chair. For example, PCU's SOE competed for resources when requesting an endowed chair or attracting well-known researchers to the SOE. The dean could also request additional or special funding for housing. The dean at UC noted:

> The provost and the president have identified some incentive funds, three of them we can ask the provost for help including hiring senior faculty, women or underrepresented minority groups, moving expenses that are far and beyond what is allotted in the budget, endowed chair. Other than that we don't compete for faculty money. (personal communication, January 5, 2011)

In conclusion, the data analysis section presented the similarities and differences of the items in the revenue-based budget model at the three institutions. To recap, some of the similarities include:

- Each SOE used revenue-based budgeting.

- The deans were responsible for both revenue and expenditures.
- The institutions used formulas for the tax the SOE pays the central office.
- The formulas were reassessed on a yearly basis.
- Two of the institutions were not provided with detailed information on the centralized cost allocation.
- None of the SOEs had service level agreements in place with service providers.
- None of the SOE faculty were members of a collective bargaining unit.
- Faculty were governed by the university faculty handbook.
- Salary increases were centralized and not SOE specific.
- Tuition remission to faculty, staff, and their family members was provided as a benefit.
- The SOEs competed for resources with other schools at the institution.

As for some of differences, they included the following:

- Two of the three institutions used revenue-based budgeting at the institutional level.
- Each institution used a different formula for the SOE to pay the central office.
- One of the institutions, UC, was provided detailed information on the centralized cost allocation.
- At PCU, faculty positions reverted to the institutions if gone unfilled for two or more years, while at JU and UC the positions stayed within the SOE.

The next section discusses the findings and recommendations of the study.

Summary of Findings

The research questions that guided this case study were:

1. Why is the School of Education at Peter Claver University implementing a revenue-based budget?
2. How is the School of Education at Peter Claver University implementing a revenue-based budget?
3. Will the School of Education at Peter Claver University be able to accomplish its mission and strategic goals using the current revenue-based budget model? If not, what model would allow the SOE to accomplish its mission and strategic goals?

The first research question attempted to determine the reasons for the budget structure at PCU. Based on the survey data and dean's interview, it was evident that the primary reasons for implementing a revenue-based budget at PCU's SOE was to provide a financial model that allowed it to accomplish its mission and strategic goals, and to grant the dean the financial flexibility to innovate. As stated in Chapter II, the School of Education was accredited by the National Council for Accreditation of Teacher Education (NCATE) in 1998 and became one of a handful of private institutions on the West Coast that were nationally accredited. However, the accreditation team found that the structure did not completely meet NCATE standards, particularly the standard on leadership, structure, governance, and resources. This standard included the fiscal responsibility, which should be under the leadership of the director or the dean, thus indicating a second reason for moving the SOE budget to a revenue-based model.

Next, the researcher examined the ways in which the revenue-based budget was being implemented at PCU. Findings suggested that the implementation of the budget model took place quickly and without research and involvement of the SOE leadership and faculty.

Finally, based on comparative data with comparable institutions, this study attempted to answer whether the SOE at PCU would be able to accomplish its mission and goals using the current revenue-based model. The data suggested that the SOE could accomplish its strategic goals using the revenue-based budget model; however, the SOE would also need some financial support from the institution for items that are over and beyond the operating budget, such as for an endowed chair.

Taken together, from a big picture perspective, the main finding was that the budgeting system needs to be tailored to the institution's specific needs, leadership, and academic objectives. There is not one specific formula that fits all, but rather each institution would benefit from a tailored revenue-based budget model to ensure it accomplishes the SOE and institution's strategic goals.

Following are specific findings that provide understanding of the different models.

- There was no set formula that each school using revenue-based budget abided by. Rather, each school tailored its budget to its needs.
- There were no service level agreements that constituted the service level an SOE would get for the charge back to the central unit. Deans often negotiated individual services as needed.

- Different institutions had different university-provided services.
- Deans were held responsible for both revenue and expenses; however, when dealing with daily functions of the budget expenditures, the provost's office had the final say and could reject transactions if he or she deemed them unacceptable.
- Deans were expected to be financially savvy. They were not just the deans of faculty, but needed to focus attention on the finances of the school at much higher levels.
- The incentive of revenue-based budgeting was the ability to attract more students, hence increasing revenue to be able to accomplish the SOE goals.
- The SOEs with a higher percentage of faculty who had grants could afford to be more innovative since they paid less for salaries and more into new programs or program improvement.
- None of the SOEs in this research had the revenue-based budgeting at the department level, although at all three schools the department heads or chairs were responsible for staying within their department allotted budget.
- The SOEs developed and used the strategic plans as their guide to accomplish the SOE mission.
- Assessment of the revenue-based models was not based on actual outcomes or goals, and was done on an as-need basis.
- The three deans in this research liked the revenue-based budget model and would not go back to centralized budget model.

- None of the deans were asked to be engaged in the development of the budget model.

In conclusion, the findings show that deans preferred revenue-based budgeting over centralized budget model, although they indicated they would like to see assessment and adjustments on a regular basis to ensure the model continues to work and allows for the accomplishment of the schools' goals.

Limitations

This study was beneficial in allowing the SOE at PCU to evaluate current practices by comparing the institution to similar schools of education. However, this study was narrow in its scope by examining only three private schools of education that operated in a revenue-based budget model. Had this study compared more institutions, there could have been similar themes or practices observed at the institutions, which would offer some standardization in the use of revenue-based budget model at medium size, private, mission-based schools of education. Yet, the selection of the participants was based on their similar missions, comparable size and complexity, and similar candidate training programs. The intention was to compare a small group of institutions with similar missions and budget models to determine similarities and differences in the processes and use of budget allocations. Although this study was focused on three private SOEs, it is possible the research findings could lead to other interpretations if a different set of institutions were studied. Lastly, the study did not capture if any other budget model would have had the same impact on accomplishing the strategic plan of

each of the institutions. In addition, it was not the intention of the study to decide which school had the better revenue-based budget model.

Participant Researcher

The researcher in this case study was a participant observer and an administrator at the PCU SOE. These roles allowed the researcher to gain access to the vision of the SOE and its strategic focus that led the budget planning process. The researcher was also able to gain access to the daily functions of the budget that would not have been possible otherwise. The researcher also had access to the overall institutional budget and budget process. Although the researcher clearly had a bias as to what type of revenue-based budget the SOE should have and how daily transactions should occur, every attempt was made to minimize any adverse impact of this bias on this study. The survey was aimed at gaining knowledge of the other institutions' budget models and the researcher was impartial during the interview process, making sure to not provide personal views about budgeting models. Rather, the researcher followed up with questions to better understand the revenue-based budget model used at the institutions.

The findings and recommendations of this study are relevant to PCU but are also relevant to other institutions using a revenue-based budget model and wanting to know more about how other institutions use it in innovative ways and are able to accomplish their strategic goals.

Implications

To improve productivity, an institution must control costs and allocate resources to areas of highest priority (Tambrino, 2001). Each institution should build its budget

model to accomplish its strategic goals. The institutional leadership needs to understand the different models and their implications before they determine a course of action by changing from one model to another. In particular, leadership must know early in the process the impact the change in budget model will have on the schools and colleges and their strategic goals.

To that end, the leadership must ask some basic questions before they change budget models, including: What are the goals for the change of budget model? Can the goals be accomplish with the current model? Why is the institution just moving one school to such a model? How does the institution assess the success of the change? What would the institution need to do if the change did accomplish the basic goals? Lastly, is this change based on data and strategically focused?

Moving to a revenue-based budget model provided SOEs with flexibility and quickness in decision-making and action. It led to innovation and opportunities, but also presented the leadership of the SOE with challenges. A key to the success of a revenue-base budget is a leader who has a vision of where to take the SOE, is a good businessperson who looks for opportunities and engages the external constituency to support his or her SOE mission, and is a manager who runs his or her school by supporting the faculty and staff by providing them with the necessary tools to do their jobs.

Once the institution decides to change to a specific budget model, it must establish rules and regulations as a set of principles that will guide the system design. The guiding principles should be agreed upon by all parties and be defined early in the

process. Significant energy needs to be devoted early in the process to ensure the system is aligned with the institution's core values and engages the entire constituency to ensure understanding of the change, the reasons behind it, and how it will help the SOE in accomplishing its goals.

Recommendations

The budget model at PCU was unique due to the fact that only one of its schools, the school of education, used revenue-based budgeting, while the rest of the institution was on a centralized budget model. In general, each institution has a culture and values that dictate the business model. As long as PCU stays faithful to its culture and values and is focused on accomplishing its strategic goals, any change in the financial model will work to its advantage as long as the change in the financial model is done using research with a set of agreed upon principles.

The change from a centralized budget model to a revenue-based budget model at the PCU's SOE was in its infancy stage at the time of the study. Both the institution and the SOE were trying to figure out which policies were successful and which were not. This study sought to review how it all came to be, how the change in budget model took place, who was engaged in the change, and if the change produced a positive result for the institution as a whole and the SOE in particular. Moving forward, the following are some recommendations that the SOE could follow to engage the institution as the revenue-based model moves into an increasingly mature stage:

- PCU used a partial revenue-based budget model, while in the other two institutions all affiliated schools and colleges used a revenue-based budget

model. It is recommended for PCU to better understand its needs per college to build a revenue-based budget model that includes the whole institution. Making choices using all available information and pertinent data, and being able to share the reasoning behind the decision-making process, are key to supporting the decision.

- In a revenue-based budget model every penny counts and should be accounted for both on the revenue side and the expenditures. To that end, PCU's SOE and the institution need to engage in a process to better understand undergraduate education courses taught by SOE faculty, seeking to understand who benefits from the revenue and who pays the expenses. A solution would be to propose a formula that works for both and does not penalize a department due to its budgeting model.
- Since the SOE is on a revenue-based budget, every seat in a classroom should count towards revenue. SOE and the institution need to decide on a formula for faculty, staff, and their family members who are not part of the SOE to pay for the courses they take at the SOE. A simple formula could be a discount on tax-back to the campus from the SOE based on the revenue that would have been generated if the faculty, staff, and their family members actually paid for the course or a percentage of the cost.
- Vacated faculty positions should not move back to the university's centralized unit under the provost, but rather stay within SOE as this is considered salary savings. Part of being innovative and being able to act quickly is for the

leadership at the SOE to have access to savings within their budget. Savings that come from vacancies are a major part of the savings. Since the SOE has to stay within its budget, any savings from vacancies should stay at the SOE.

- Results must be monitored to ensure that the budget model is accomplishing the strategic goals of the SOE. If not, the institution needs to be willing to modify the process based on outcomes.
- There is no perfect formula for revenue-based budgeting. Each institution uses the model to its advantage and to accomplish its strategic goals. In PCU's case, the university finance office and the leadership of the SOE should discuss and agree on any changes in the tax- or charge-back formula rather than having it dictated and one-sided. Such a discussion would be an effective tool to achieve the same result, which is a better run budget model at SOE.
- More faculty should be engaged in research and securing grants, which is one way to relieve the operating budget in support of accomplishing the goals. The SOE leadership should work with its faculty in determining its support of their research and travel funds.
- Although none of the three institutions in this research had any service level agreements with the service providers, PCU could be a leader in this area and develop service level agreements for its revenue-based units. Such a move would help the dean determine and understand the needs of the SOE and the services that the units can provide and would help alleviate some of the

pressure and politics. In this case study, SOE would benefit from having Service Level Agreements with the general administration that include accounting, budgeting, bursar, controller, data processing, financial aid, governmental relations, legal counsel, liability insurance, payroll, human resources, purchasing, alumni relations, and university relations functions. Service Level Agreements would provide both the service provider and receiver with a better understanding of the need and ability to deliver based on a set of rules and guidelines and to a standard that is acceptable by both parties.

- As the institution is setting up its financial modeling for the following fiscal year, a discussion between the SOE leadership and the institution's finance department should determine the allocations in credit hours or revenue targets. The decision should be based on external and internal environmental scan and not be solely financially based.
- PCU and the SOE should determine a timeline for assessing the budget model. A three or five-year formal assessment would help in improving the model for the long run. The assessment should have defined goals, assessment methods, and guiding principles.
- The dean of the SOE should have the final signature on the daily financial transactions excluding his or her own expenses, which should still be presented to the provost for his or her approval. Since the dean is responsible

for both revenue and expenses, he or she should be given the flexibility on how to best utilize the SOE budget to accomplish the SOE's strategic goals.

- The SOE can be successful by having an interdependent financial model. For instance, to be able to afford hiring an endowed chair, the SOE would need to rely on the central office for part, if not the entire, salary and moving expenses.

Conclusion

The research questions that guided this study were:

1. Why is the School of Education at Peter Claver University implementing a revenue-based budget?
2. How is the School of Education at Peter Claver University implementing a revenue-based budget?
3. Will the School of Education at PCU be able to accomplish its mission and strategic goals using the current revenue-based budget model? If not, what model would allow the SOE to accomplish its mission and strategic goals?

The move to a revenue-based budget at PCU SOE has helped it accomplish many of its strategic goals in a timeframe that would have not been possible under a centralized budget model. As stated earlier, under the centralized budget model, the SOE had to compete with other colleges and schools for resources including faculty, facilities, and operating expenditures. Under that model, the SOE would not have been able to increase its full-time faculty by 19% over a period of four years, hence moving towards accomplishing its goal of decreasing the faculty to student ratio and creating a better

learning environment for the students. In addition, full-time faculty at the SOE used to share offices, and under the centralized budget model they would have had to compete with other schools to get a similar amount of space on a yearly basis. However, due to the revenue-budget model, the dean was able to secure more space in support of the faculty. Another example is in the area of publications; under a centralized budget model, the school had to compete with other schools and colleges to get the attention of the communications department to develop their publications. The SOE saw an amazing growth in its communication and public relations capacity due to the fact that it was able to hire its own support staff, a growth that would have not happened under a centralized budget model. This is just one example out of many of how the revenue-based budget model helped the SOE attain its goals and improve its national rankings. In addition, the SOE needed the flexibility to adjust to the changes in the external environments, specifically the PK-12 system to attend to the demands of the local, state, and national changes in teacher education and other professional programs.

However, careful monitoring, assessment, and refinement are still necessary to ensure that the alignment of the budgeting process with the academic mission is truly helping the SOE achieve its strategic goals and meeting the needs of its students, faculty, and beyond through excellence in teaching, research, and creative work.

The strategic plan goals are the key elements that guide the SOE. To that end, the move to the revenue-based budget model allowed the SOE to accomplish most of its goals in a way that was not possible with a centralized model. For instance, the increase in faculty between 2005 and 2009 would have not been possible in a centralized budget

model because the SOE would have had to compete for every faculty and staff position. Instead, the SOE was able to hire faculty and staff because it was able to show revenue to support the expenditures.

The question of how PCU's SOE implemented a revenue-based budget model is critical for schools who are interested in moving to such a model, but was found to be less critical to this study because the dean at PCU, as well as the other two deans who were interviewed, were adamant that they would not want to work in a centralized budget model. Rather, they indicated that they liked the revenue-based model regardless of its deficiencies. Therefore, less attention was paid to this second research question.

The last research question attempted to answer whether the School of Education at PCU would be able to accomplish its strategic goals using the current revenue-based budget model. This study showed that, yes, the SOE would be able to accomplish its strategic goals using the revenue-based budget model. The study showed that each institution needs to develop its own revenue-based budget model that fits its needs and allows the SOE and the institution to accomplish their individual and collective strategic goals. For PCU's SOE to accomplish its strategic goals, it will need institutional support and financial interdependency. Like the other two institutions in this study, the SOE operating budget did not provide for all of SOE's financial support at the time of this study and since the SOE's goals were an extension of the institution's goals, it would be wise to keep financial interdependencies.

On the other hand, based on its strategic goals, the institution should provide the SOE with financial support based on mutual agreement of outcomes and results. Lastly,

the SOE should also be able to utilize part of its additional revenue in support of new initiatives and programs that fit its long terms goals, in addition to increasing its endowment.

APPENDICES

APPENDIX A: Survey

Thank you again for accepting to take part in this study on Revenue-Based Budgeting at private schools of education by completing this survey. The survey includes 32 questions and could take up to 30 minutes of your time.

Revenue-Based budget for the purpose of this study is a budget where each school or college is responsible for its own budget, both the revenue and expense side. Each Dean balances his / her own budget. This study uses the term "Revenue-Based Budget Model" which corresponds to Paulsen's Cost Center Budgeting Model.

The survey is available for one month from the date you receive the email. If you have any questions or concerns about the data, please don't hesitate to contact me via email or phone at jharbouk@gmail.com or (715) 821-1414.

I thank you again for taking the time to complete this survey, I will share the results of the surveys with you once I have a minimum of 4 schools respond.

Sincerely,

Joseph Harbouk

Ed.D. candidate

Loyola Marymount University

SECTION I - BUDGET INFORMATION

Q1 Which budget model is used at your University? Please check all that apply

- Revenue-Based Budget
- Centralized Budget
- Incremental Budget
- Cross-Sectional Research
- Formula Budgeting
- Program Budgeting
- Zero-Base Budgeting (ZBB)
- Performance Budgeting
- Incentive Budgeting
- Two or more of the above (Please describe) _____
- Other (Please describe) _____
- Don't know

Q1-A Which budget model is used at your School of Education (SOE)?

- Revenue-Based Budget
- Centralized Budget
- Incremental Budget
- Cross-Sectional Research
- Formula Budgeting
- Program Budgeting
- Zero-Base Budgeting (ZBB)
- Performance Budgeting
- Incentive Budgeting
- Two or more of the above (Please describe) _____
- Other (Please describe) _____

Q2 Is the Dean responsible for:

- Both revenue and expenditures
- Expenditures only
- Other (Please Describe) _____

Q3 Please check all that apply as revenue for the SOE

Student Tuition
Federal Aid
Scholarships (tuition discount, school based aid)
Course Related Fees (other than application fee)
Student Application Fee
Endowment
Grants and Gifts
Sponsored Research
Transcript Fee
Late/Deferred Fee
Food Sales Rebate
Other (please describe) _____

Q4 If using Revenue-Based Budgeting, please check all University provided services to your school (SOE)

Academic Support

Library
Academic Computing
Academic Affairs
Academic Administration
Learning Resources
Personnel Development
Research and Graduate Development

Q5 If using Revenue-Based Budgeting, please check all University provided services to your school (SOE)

Student Services

Student Services Administration
Admissions
Registrar
Counseling and Guidance
Financial Aid Administration
Scholarships
Fellowships
Fee Remissions

Q6 If using Revenue-Based Budgeting, please check all University provided services to your school (SOE)

Institutional Support

Executive Management
General Administration
Community Relations
Alumni Relations
Business Office
Fiscal Operations

Q7 If using Revenue-Based Budgeting, do you (SOE) pay for Physical Plan Operations & Maintenance? [Physical plant costs are the costs of space, utilities, grounds, etc which are to be distributed according to space occupied by the school]

Yes
No

SECTION II - TYPE OF TAX/ASSESSMENT PAY-BACK (Amount or percentage of revenue the School of Education (SOE) pays back to the central unit for services.)

Q8 Is there a set formula the university uses for tax-back the School of Education (SOE)? If yes, can you briefly describe?

Yes _____
No

If Q8 "yes" is selected, ask Q8-A

Q8-A Is the formula reassessed or a yearly basis?

Yes _____
No

Q9 For tax-back or assessment to the central unit, which of the below items are included in the formula? Please check all that apply.

Student Tuition
Federal Aid
Student Application Fee
Scholarship (tuition discount, school based aid)
Course Related Fees (other than application fee)
Endowment
Grants and Gifts
Sponsored Research

Transcript Fee
Late/Deferred Fee
Other (Please describe) _____

Q10 Is the tax-back/assessment a percentage of the total revenue as described in question 9 above?

Yes
No

If Q10 "yes" is selected, ask Q11

Q11 What percentage of total SOE revenue is charged as tax-back/assessment?

1%
2%
3%
4%
5%
Other _____

Q12 What quarter of the fiscal year the tax/assessment is taken from the SOE's budget?

First Quarter of Fiscal Year
Second Quarter of Fiscal Year
Third Quarter of Fiscal Year
End of fiscal year
Other

Q13 Does the University provide SOE with detailed information on the centralized costs allocation? (e.g. how much goes to Information Technology, library, facilities, etc)?

Yes
No

Q14 What happens if the SOE does not meet its financial goals? (Please describe)

Q15 What happens if the SOE exceeds its financial goals (has savings)? (Please describe)

Q16 Where does surplus of income the SOE makes go in a specific year? (Please describe)

Q17 Once the SOE budget for the fiscal year is approved by the University, do the daily budget transactions require any signatures from anyone higher than the Dean?

Yes
No
Other (describe)

Q18 Does the SOE have any Service Level Agreements (SLA) with administrative units for quality and accountability purposes?

Yes

No

If Q18 "no" is selected, ask Q18-A

Q18-A How does the SOE ensure best services are provided to its faculty, staff, and students? Please briefly describe.

Q19 Within the School of Education itself, is Revenue-Based Budgeting pushed to the departments and centers, where each chair/head of center is responsible for his/her department/center revenue and expenses?

Yes

No

If Q19 "yes" is selected, ask Q19-A

Q19-A Do they pay any tax/assessment to the central SOE office?

Yes

No

SECTION III - FACULTY INFORMATION

Q20 Is your SOE faculty part of a collective bargaining unit?

Yes

No

Q21 Do SOE faculty abide by the University faculty governance handbook?

Yes

No

Q22 Is the faculty expectation that the SOE provide them with (Please check all that apply)

Travel funds for presentations

Travel funds for attending conferences

Funds for research and creative writing

Other (please describe) _____

Q23 What is the full-time tenured SOE faculty general load (excluding administrative or other assignments)

4/4

3/3

2/2

Other, please describe _____

Q24 Do SOE faculty open positions, if gone unfilled for 2 or more years, revert to a University centralized pool?

Yes

No

If Q24 “yes” is selected, ask Q24-A

Q24-A If yes, what process is used to request faculty slots? Please describe

Q25 Is the increase in tuition:

University-wide based

SOE based

Other (please describe) _____

Q26 Is the increase in salaries:

University-wide based

SOE based

Other (please describe) _____

Q27 What percentage of the SOE budget is allocated to: [Total must equal100%]

_____ Faculty salaries

_____ Staff salaries

_____ Operating expenses

_____ Administrative expenses (Tax-back/assessment)

_____ Other

Q28 Does SOE provide tuition remission for: (check all that applies)

Faculty

Staff

Faculty/staff family members

Q29 Does the SOE provide tuition remission for faculty/staff that are not part of the SOE?

Yes

No

If Q29 “yes” is selected, ask Q29-A

Q29-A Does the SOE charge the other schools/colleges if their faculty take SOE courses?

Yes

No

Q30 Does the SOE compete for resources with other schools at the University?

Yes

No

Q31 Please check all that apply as revenue for the school

Student tuition

Federal Aid

Scholarship (tuition discount, school based aid)

Endowment

Course related fees (other than application fee)

Student application fee

Grants & gifts

Sponsored research

Transcript fee

Late/deferred fee

Food sales rebate

Other (Please describe) _____

SECTION IV - DEMOGRAPHIC INFORMATION

Q32 The data provided below is taken from the 2009-2010 U.S. World & News report survey. Please:

Confirm the data from the 2009-2010 survey is accurate or fix accordingly (2009-2010 figures are shown in yellow below)

Add missing data from the 2009-2010 - missing data is shown as (N/A)

Provide the 2004-2005 data if available.

** FTTF: Full-time Tenured Faculty

	2004-2005 (1)	2009-2010 (2)
Application fee		
Full-time Faculty		
Part-time Faculty		
Ratio Ed.D. students to FTTF		
Ratio Master's students to FTTF		
Full-time staff		
Part-time staff		
Tuition		
Required Fees		
Total Graduate Enrollment		
Number of students in Ed.D.		
Number of students in PhD.		
Average Financial aid		

APPENDIX B: Interview Questions

The purpose of the interviews is to increase the understanding of the budget model used at the schools of education, and how the budget model helps or hinders the schools in accomplishing their mission and goals. Before the interviews take place, an online questionnaire was sent to the deans of each of the schools asking for financial information and growth patterns in faculty, staff, and students.

The interview questions complement the online questionnaire by examining the impact of the financial model on the university leadership, school, faculty, and staff.

The decision to interview the deans is to triangulate the information received and develop a better understanding how SOE views the efficacy of the budget model.

INTERVIEW QUESTIONS

1. What are some of the advantages/disadvantages of using a revenue-based budget model?
2. When did the change to revenue-based budget model take place?
    a. Were you as a dean involved in the change?
        i. If yes, what role did you play?
3. What was the reason for choosing the revenue-based budget model over other models used in higher education?
    a. Did the change in budget model improve the opportunities for the school to accomplish its mission and goals? Please provide examples of goals, and how the change helped accomplish them.

4. Are you satisfied with the way the allocation of resources is working? If not, what would you change to make it better for the school?
5. What are the positive and negative aspects of the formula used to allocate money back to the centralized budget?
6. Are there any features in your financial model that cause dysfunctional behavior? If so, would you please provide some examples of the features and the behaviors?
7. What are some lessons learned that you would be willing to share regarding revenue-based budgeting from a change process to daily management?

If given the option of using revenue-based budget model vs. centralized model, which would you choose and why?

APPENDIX C: Introduction Email

Dear Dean <X>,

I hope this email finds you well. I am also an Ed.D. candidate working on my dissertation titled "Revenue-Based Budget Model: Is this a sustainable model for mid size private schools of education?" with a focus on the Schools of Education at Private institutions. I am asking for your help. I would like to interview you as part of my dissertation work. The interview would take one hour where I would come to your office or if you would rather do it via phone or video conference. I will send you the interview questions ahead of time. I also have a survey that I am hoping either your Associate Dean or Budget Manager can complete before we meet for the interview. The survey would take about 20 to 30 minutes.

If your time permits, I would really appreciate your help. I can coordinate the meeting time and date with your administrative assistant. The survey is located at http://mylmu.qualtrics.com//SE/?SID=SV_7R7TA0qL2QqLmbq. I will forward the actual survey with the introduction to you right after this email.

I know you are busy and especially at this time of year, I sincerely appreciate your help.

P.S. The information I am collecting will be confidential and will not be identified in my dissertation. Interviews will be confidential, no institution or participant will be identified. No specific statements made during the interview will be published unless approved by the interviewee, and any published statements will be coded so not to provide institutional or interviewee identities.

I thank you in advance and look forward to your response.

Sincerely,

Joseph Harbouk

Ed.D. candidate

Loyola Marymount University

APPENDIX D: Follow-Up Interview Email

Dear Dean <X>,

Thanks again for your kindness and support with my dissertation work. Thank you for completing the survey, it was very helpful as I am formulating my interview questions for our phone call which is set for <date and time>.

I am attaching a document which has the following two items:

Survey Follow-Up Questions: the follow-up questions are for clarification purposes as I don't want to assume.

Interview Questions: these are the questions that we will go over at our telephone call. I wanted to get the questions to you ahead of time.

I will send you an email on <date> to reconfirm <date> still works for you.

Thank you again for your support. I look forward to our conversation.

Most sincerely,

Joseph Harbouk
Loyola Marymount University

APPENDIX E: Interview Introduction

Thank you for agreeing to be interviewed as part of my dissertation research on revenue-based budgeting at schools of education in private universities. As you know, I am a doctoral student at Loyola Marymount University's School of Education. The emphasis of my doctoral work is revenue-based budgeting at higher education institutions with a particular focus on revenue-based budgeting at Schools of Education. In addition to being a student at Loyola Marymount University, I am also the Vice Chancellor for Administration and Finance at the University of Wisconsin, River Falls.

Whalen (1991) describes revenue-based budgeting model using three basic principles: (a) all costs and income attributable to each school and other academic unit should be assigned to that unit; (b) appropriate incentives should exist for each academic unit to increase income and reduce costs to further a clear set of academic priorities; and (c) all costs of other units, such as the library or student counseling, should be allocated to the academic units.

The purpose of my interview is to gather information on the methodology and assessment of revenue-based budgeting used at the three institutions in the study. I will conduct interviews with the deans of each of the schools of education. The data will be analyzed to determine the effectiveness of the revenue-based budget model.

The information I will be collecting will be confidential and will not be identified in my dissertation. Interviews will be confidential, no institution or participant will be identified. No specific statements made during an interview will be published unless

approved by the interviewee, and any published statement will be coded so not to provide institutional or interviewee identities.

The interview is scheduled for one hour. I will be tape our telephone conversation. It is also required that I state the following as part of the IRB process: participation in this interview is voluntary, and refusal to participate will not impact your status with your institution. You have the right to withdraw your participation and end the interview at any time without negative consequences. If you have any questions or concerns regarding the interview, you may contact Loyola Marymount University's Dean of the School of Education at (310) 338-5241 or smartin@lmu.edu.

Lastly, your participation will benefit your institution and other institutions in this study. It will also benefit any institution that is interested in moving towards revenue-based budgeting, and it will add to the scarce research available in the field of revenue-based budgeting at private institutions of higher education.

Thank you again for agreeing to take part of this study, I look forward to our meeting at your institution soon.

Sincerely,

Joseph Harbouk

APPENDIX F: Data Collection Tables

1. Which budget model is used at your University? Please check all that apply.

Number	Response	PCU	JU	UC
1	Revenue-Based Budget	0	1	1
2	Centralized Budget	1	0	0
3	Incremental Budget	0	0	0
4	Cross-Sectional Research	0	0	0
5	Formula Budgeting	0	0	0
6	Program Budgeting	0	0	0
7	Zero-Base Budgeting (ZBB)	0	0	0
8	Performance Budgeting	0	0	0
9	Incentive Budgeting	0	0	0
10	Two or more of the above (please describe)	0	0	0
11	Other (please describe)	0	0	0
12	Don’t know	0	0	0

1-A. Which budget model is used at your School of Education (SOE)?

#	Response	PCU	JU	UC
1	Revenue-Based Budget	1	1	1
2	Centralized Budget	0	0	0
3	Incremental Budget	0	0	0
4	Cross-Sectional Research	0	0	0
5	Formula Budgeting	0	0	0
6	Program Budgeting	0	0	0
7	Zero-Base Budgeting (ZBB)	0	0	0
8	Performance Budgeting	0	0	0
9	Incentive Budgeting	0	0	0
10	Two or more of the above (please describe)	0	0	0
11	Other (please describe)	0	0	0

2. Is the dean responsible for:

#	Response	PCU	JU	UC
1	Both revenue and expenditures	1	1	1
2	Expenditures only	0	0	0
3	Other (please describe)	0	0	0

3. Please check all that apply as revenue for the SOE.

#	Response	PCU	JU	UC
1	Student Tuition	1	1	1
2	Federal Aid	1	0	1
3	Scholarships (tuition discount, school based aid)	1	1	1
4	Course Related Fees (other than application fee)	1	0	1
5	Student Application Fee	0	0	1
6	Endowment	1	1	1
7	Grants and Gifts	1	1	1
8	Sponsored Research	1	1	1
9	Transcript Fee	0	0	0
10	Late/Deferred Fee	0	0	1
11	Food Sales Rebate	0	0	0
12	Other (please describe)	0	0	1

4. If using revenue-based budgeting, please check all University provided services to your school (SOE).

Academic Support

#	Response	PCU	JU	UC
1	Library	1	1	1
2	Academic Computing	1	1	1
3	Academic Affairs	1	1	1
4	Academic Administration	1	1	1
5	Learning Resources	1	1	1
6	Personnel Development	1	1	1
7	Research and Graduate Development	1	1	1

5. If using revenue-based budgeting, please check all University provided services to your school (SOE).

Student Services

#	Response	PCU	JU	UC
1	Student Services Administration	0	1	1
2	Admissions	1	1	1
3	Registrar	1	1	1
4	Counseling and Guidance	0	1	1
5	Financial Aid Administration	1	1	1
6	Scholarships	0	1	0
7	Fellowships	0	1	0
8	Fee Remissions	0	0	0

6. If using revenue-based budgeting, please check all University provided services to your school (SOE).

Institutional Support

#	Response	PCU	JU	UC
1	Executive Management	1	1	0
2	General Administration	1	1	1
3	Community Relations	1	0	1
4	Alumni Relations	0	0	1
5	Business Office	1	0	1
6	Fiscal Operations	1	1	1

7. If using revenue-based budgeting, do you (SOE) pay for physical plant operations maintenance?

#	Response	PCU	JU	UC
1	Yes	0	1	1
2	No	1	0	0

8. Is there a set formula the University uses for taxing-back the School of Education?

#	Response	PCU	JU	UC
1	Yes	1	1	1
2	No	0	0	0

8-A. Is the formula reassessed on a yearly basis?

#	Response	PCU	JU	UC
1	Yes	1	1	1
2	No	0	0	0

9. For tax-back or assessment to the central unit, which of the below items are included in the formula? Please check all that apply.

#	Response	PCU	JU	UC
1	Student Tuition	1	N/A	0
2	Federal Aid	1	N/A	0
3	Student Application Fee	0	N/A	0
4	Scholarship (tuition discount, school based aid)	1	N/A	0
5	Course Related Fees (other than application fee)	0	N/A	0
6	Endowment	1	N/A	0
7	Grants and Gifts	1	N/A	0
8	Sponsored Research	1	N/A	0
9	Transcript Fee	0	N/A	0
10	Late/Deferred Fee	0	N/A	0
11	Other (please describe)	0	N/A	1

10. Is the tax-back/assessment a percentage of the total revenue as described in question 9 above?

#	Response	PCU	JU	UC
1	Yes	1	1	0
2	No	0	0	1

11. What percentage of total SOE revenue is charged as tax-back/assessment?

#	Response	PCU	JU	UC
1	1%	0	0	0
2	2%	0	0	0
3	3%	0	0	0
4	4%	0	0	0
5	5%	0	0	0
6	Other	1	1	0

12. What quarter of the fiscal year the tax/assessment is taken from the SOE's budget?

#	Response	PCU	JU	UC
1	First Quarter of Fiscal Year	0	1	0
2	Second Quarter of Fiscal Year	0	0	0
3	Third Quarter of Fiscal Year	0	0	0
4	End of Fiscal Year	1	0	1
5	Other	0	0	0

13. Does the University provide SOE with detailed information on the centralized costs allocation?

#	Response	PCU	JU	UC
1	Yes	0	0	0
2	No	1	1	1

14. What happens if the SOE does not meet its financial goals? Please describe.

Institution	Response
PCU	If SOE does not make its budget, SOE has to cut or layoff employees.
JU	Participation and indirect expense is taken out at the beginning of the year. In most cases expenses cannot be higher than income. However; if the school has money banked from prior years or in its non-operating accounts, they would be allowed to use those funds to balance the year.
UC	Operating deficits are written off on the University general ledger.

15. What happens if the SOE exceeds its financial goals (has savings)? Please describe.

Institution	Response
PCU	Extra funds go into the SOE endowment, specifically scholarships.
JU	Those monies are banked for future years.
UC	No Answer.

16. Where does surplus of income the SOE makes go in a specific year? Please describe.

Institution	Response
PCU	SOE endowment.
JU	Banked in a provost reserve account to be used by the school in the future.
UC	Accrual goes to the University's general ledger.

17. Once the SOE budget for the fiscal year is approved by the University, do the daily budget transactions require any signatures from anyone higher than the Dean?

#	Response	PCU	JU	UC
1	Yes	1	1	0
2	No	0	0	1
3	Other	0	0	0

18. Does the SOE have Service Level Agreements (SLA) with administrative units for quality and accountability purposes?

#	Response	PCU	JU	UC
1	Yes	0	0	0
2	No	1	1	1

18-A. How does the SOE ensure best services are provided to its faculty, staff, and students? Please briefly describe.

Institution	Response
PCU	By engaging leadership and other units and keep a strong relationship with the service providers. It is not the best solution.
JU	None
UC	Careful monitoring of expenses and budget planning that includes careful estimates of non-recurring expenses. Use of restricted funds to support new initiatives.

19. Within the School of Education itself, is Revenue-Based Budgeting pushed to the departments and centers, where each chair/head of center is responsible for his/her department/center revenue and expenses?

#	Response	PCU	JU	UC
1	Yes	0	1	0
2	No	1	0	1

19-A. Do they (departments/centers) within SOE pay any tax/assessment to the central SOE office?

#	Response	PCU	JU	UC
1	Yes	0	0	0
2	No	0	1	0

20. Is your SOE faculty part of a collective bargaining unit?

#	Response	PCU	JU	UC
1	Yes	0	0	0
2	No	1	1	1

21. Does SOE faculty abide by the University faculty governance handbook?

#	Response	PCU	JU	UC
1	Yes	1	1	1
2	No	0	0	0

22. Is the faculty expectation that the SOE provide them with (please check all that apply).

#	Response	PCU	JU	UC
1	Travel funds for presentations	1	0	1
2	Travel funds for attending conferences	1	0	0
3	Funds for research and creative writing	1	0	0
4	Other (please describe)	0	1	0

23. What is the full-time tenured SOE faculty general load (excluding administrative or other assignment?)?

#	Response	PCU	JU	UC
1	4/4	0	0	0
2	3/3	1	0	0
3	2/2	0	1	0
4	Other, please describe	0	0	1

24. Does SOE faculty open positions, if gone unfilled for two or more years, revert to a University centralized pool?

#	Response	PCU	JU	UC
1	Yes	1	0	0
2	No	0	1	1

25. Is the increase in tuition:

#	Response	PCU	JU	UC
1	University-wide based	1	1	0
2	SOE based	0	0	1
3	Other (please describe)	0	0	0

26. Is the increase in salaries:

#	Response	PCU	JU	UC
1	University-wide based	1	1	1
2	SOE based	0	0	0
3	Other (please describe)	0	0	0

27. What percentage of the SOE budget is allocated to: (Total must equal 100%)

#	Response	PCU	JU	UC
1	Faculty salaries	49%	18%	25%
2	Staff salaries	32%	08%	13%
3	Operating expenses	11%	54%	13%
4	Administrative expenses (tax-back/assessment)	08%	20%	40%
5	Other	00%	00%	09%

28. Does SOE provide tuition remission for: (check all that applies).

#	Response	PCU	JU	UC
1	Faculty	1	1	1
2	Staff	1	1	1
3	Faculty/staff family members	1	1	1

29. Does the SOE provide tuition remission for faculty/staff that are not part of the SOE?

#	Response	PCU	JU	UC
1	Yes	0	0	0
2	No	1	1	1

29-A. Does the SOE charge the other schools/colleges if their faculty take SOE courses?

#	Response	PCU	JU	UC
1	Yes	0	0	0
2	No	0	0	0

30. Does the SOE compete for resources with other schools at the University?

#	Response	PCU	JU	UC
1	Yes	1	1	1
2	No	0	0	0

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