

**Achieving Effective Allocation of Resources through an Integrated  
Strategic Planning and Budgeting Model**

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*Abstract*

*In the current environment, a highly visible and systematic strategic planning process is more crucial than ever to the effective operation of colleges and universities. Goals and priorities outlined in an institution's strategic plan determine how its limited resources will be directed and used. This proposal highlights a comprehensive, technology-based budget planning process that clearly links budget priorities and the allocation of funds to the institution's defined vision and plan.*

*This electronic system represents the collaborative efforts of Valdosta State University's Offices of Planning, Finance, and Information Technology. It was designed, developed, and fully implemented in less than six weeks. Introduced in January 2003, the inaugural version incorporated a Visual Basic front end linked with a Microsoft Access database, enabling the user to navigate the system easily and enter departmental budget and new initiative requests. An even more readily accessed and enhanced web-based version has been implemented successfully for FY 2005 budget preparation.*

*The primary purpose of this strategic budgeting process is to link all proposed budget initiatives directly to the University's strategic plan and, as appropriate, to the master plan for the physical design of the campus, the facilities plan for maintenance, and the external fund-raising plan. Thus, it creates a model that unifies these five key planning components (the strategic, budget, master, facilities, and external plans). The detailed information resulting from this model strengthens decision-making and enables the University to allocate resources more effectively. This process has quickly become a catalyst for change in the way the University community approaches budgeting. Its unique and highly valued elements include:*

- Clear connection of department-level goals with the University's strategic plan and goals*
- Direct linkage of proposed budget initiatives with the University's goals and with the goals of the University System of Georgia*
- Clear prioritization of initiatives*
- Connection with the campus master plan and the facilities plan*
- Strong support of the University's external plan*
- Open involvement in and communication about the budget*
- Demonstration of good stewardship and accountability for the strategic allocation of resources*
- Direct linkage with data extracted from the University's financial system*
- Flexibility, with multiple reporting formats for various audiences.*

*This budget planning system embodies Valdosta State University's Strategic Goal 1: Effective Planning and Resource Utilization as well as the University System of Georgia's goal of "increasing, diversifying and strategically allocating funds." On October 8, 2003, the Board of Regents of the University System of Georgia recognized this university-wide budget planning model as one of eight best practices selected from over 73 submissions System-wide. Detailed information about this model, including a step-by-step description of its operation is located at <http://www.valdosta.edu/planning/database/> (under Step-by-Step Instructions).*

### **Introduction of the Organization**

The best practice outlined in this proposal was designed and implemented at Valdosta State University, a public comprehensive institution in Georgia enrolling 10,550 students as of Fall 2003. One of the state's two regional universities, Valdosta State University (VSU) is a growing institution, with the current enrollment representing a dramatic increase of 1821 students, or 20.9%, since Fall 1999. The University offers a full complement of undergraduate degrees in its five colleges: Arts, Arts and Sciences, Business Administration, Education, and Nursing. Strong nationally accredited programs in Art, Business, Music, Nursing, Sports Medicine, Communication Disorders, School Psychology, and Teacher Education draw students from across the state as well as from 47 other states and 50 foreign countries. The University also offers a variety of Master's degrees in various disciplines in each of the Colleges and in Social Work and Library and Information Science. The Doctor of Education degree is available for advanced graduate students. VSU's annual budget (all funds) for FY 2003 was approximately \$100 million with 45% of these funds provided through general state allocation. The comparable percentage of state allocated funds for FY 2002 was 47%. As one of the 34 four-year and two-year institutions within the University System of Georgia, VSU is governed by the statewide Board of Regents.

A new President was appointed and took office in January 2002 following an administration that had been in place for twenty-three years. Upon arriving at the campus, the new President identified an immediate need to begin creating a vision that would transform the institution and challenge the faculty, staff, and students to reach new heights. The President's initial address to the campus focused heavily on the development of a sound strategic plan for the future to help accomplish this transformation. As he stated in that message, "A good strategic plan is a live document. Our vision should be a powerful and pervasive one. . . You and I are

going to develop a plan that will set the campus on a quest to reach this vision." By December 2002, a strategic plan comprising eight goals had been developed and refined through broad participation of faculty, staff, students, alumni, and key community leaders. This strategic plan provides a defined direction and vision for the institution.

### **Statement of the Initiative**

In the current environment, a highly visible and systematic strategic planning process is more crucial than ever to the effective operation of colleges and universities. Goals and priorities outlined in the strategic plan determine how the institution's limited resources will be directed. With the new strategic plan in place by late 2002, Valdosta State University required a budgeting system that would clearly link the allocation of funds to that plan. Consequently, this initiative was developed to integrate strategic planning and budgeting through a technology-based system that directly connects budget priorities with VSU's eight strategic goals.

### **Design**

This computer-based system was a collaborative effort of the University's Offices of Planning, Finance, and Information Technology. Following initial discussions that identified the desired design and specific information to be included, two Information Technology staff (the Chief Information Officer and one programmer) developed the system, taking it from concept to implementation in less than six weeks. Approximately 400 hours were invested in building the system and its associated reporting features. The version implemented in January 2003 incorporated a Visual Basic front end linked with a Microsoft Access database, enabling the user to navigate the system easily. As of October 2003, an even more effective and easily accessed web-based version has been designed and successfully implemented with the advent of the FY 2005 budget planning process.

This computer-based system reflects the University's Strategic Goal 1: Effective Planning and Resource Utilization which focuses on "the need for change, processes, and programs through integrated, continuous strategic planning." Further, it supports the overall Strategic Plan and Vision of the University System of Georgia which includes the goal of "increasing, diversifying and strategically allocating funds."

The primary purpose of this strategic budgeting process is to link all proposed budget initiatives directly to the strategic plan and, as appropriate, to the master plan for the physical design of the campus, facilities plan for maintenance, and the external fund-raising plan. It requires thoughtful planning and prioritization at all levels – from academic and administrative departments to the appropriate dean and/or vice president, and, ultimately, to the President. The detailed information resulting from this model strengthens decision-making by the President's Budget Advisory Council and enables the University to allocate resources more effectively.

The following description highlights unique aspects of this electronic system and, at the same time, offers insights into key reasons why it has proven so valuable to the University and transformed our approach to planning and budgeting.

- **First, it clearly connects department-level goals with the University's strategic plan and goals.**

As departments begin the budget planning process, the department head consults with the faculty and/or staff of that unit to define three to five major goals for the year that relate to institution's overall strategic goals. A pull-down menu enables the department to easily identify and select associated university-wide goals.

- **The strategic budget system links with data extracted from the University's financial system.**

Once departments have developed their goals and action steps, they complete a two-tiered budget planning process that provides for separate entry of (1) proposed departmental or operating budgets for the coming fiscal year and (2) proposed strategic initiatives specifically targeted toward the goals and action steps of the strategic plan. In the *departmental budget* section, prior year actual and current year budgeted expenditures for personal services, travel, operating supplies, and equipment are imported from the University's financial system. After consulting with department members, the department head enters a proposed budget for the coming fiscal year. This amount is compared with the current year's budgeted figure, and a percentage increase/decrease is automatically calculated. If the request exceeds the current year's budget, the department head is asked to provide a brief rationale for the increase based on the strategic plan. The rationale is entered in a text box, and pull-down menus allow the department head to identify related strategic plan goals and action steps.

- **This process connects proposed budget initiatives with the University's goals and with the goals of the University System of Georgia.**

The *initiatives* section enables departments to outline any number of new strategic plan-related projects which they are seeking funds to implement. Specific categories of initiatives include: academic programs, other (e.g., student life) programs, personnel, equipment, and facilities. For initiatives that require additional space (renovated or new construction), the type and square footage must be submitted along with a proposed design. Facilities initiatives also may include the proposed relocation of an office or department. Separate screens gather details related to requests for new personnel (faculty/staff, full-time/part-time, etc.) and any academic initiatives involving increased fees. Departments are asked to demonstrate how each proposed initiative directly supports the goals and action steps of the University's strategic plan and, in

turn, connects with the University System's goals. Again, pull-down menus outlining the eight strategic goals facilitate this process.

- **Prioritizing initiatives is a key element of the process.**

Once all initiatives are entered for a given department, the department head is expected to rank them in priority order. Similarly, the next level administrator (appropriate dean or vice president) prioritizes all initiatives proposed within his/her overall unit. Ultimately, this results in a listing of prioritized initiatives that each cabinet-level officer uses in presenting funding requests for the upcoming fiscal year to the President's Budget Advisory Council. Thus, by the time it is ready for review by the President's Budget Advisory Council, the system contains solid information as to the relative priority of projects and how to most effectively allocate funds.

- **The process connects with the campus master plan and facilities plan.**

Proposed initiatives may include new construction or renovation projects that are part of the campus master plan or overall facilities (maintenance) plan. Screens elicit documentation of the need for construction, renovation, or relocation and store this information in one central database. This information is critical to the budget planning process, and, even more importantly, it is integral to the preparation of the annual capital budget request submitted to the statewide Board of Regents should the initiative be designated a high priority for funding. In this case, the data and rationale captured through the planning process can be transferred directly to the Regents' form.

- **The process supports the University's external plan.**

In accordance with the University System's goal of "increasing and diversifying funding sources," the strategic budgeting process supports the University's fund-raising/development plan. By compiling all initiative requests in a single database, this system serves as a great asset

to the President, assisting with the identification of initiatives that have potential to be funded through grants or by private or corporate donors.

- **The process promotes open involvement in and communication about the budget.**

Faculty and staff in each department provide input into the initial budget request through discussions with their department head. After completing their regular budget request and assigning priorities to any new initiatives, department heads communicate with their dean or division head. The requests then flow to the appropriate cabinet officer and the President's Budget Advisory Council through budget hearings. This facilitates open communication about the budget within departments and at each step of the process.

- **This process demonstrates good stewardship and accountability for the strategic allocation of resources.**

This system enables the University to demonstrate good stewardship and accountability for directing funds toward the mission and strategic goals of our institution and the University System. Departments are held accountable for directing their funds toward approved initiatives outlined through this process. The same is true of the University as a whole. High priority initiatives are funded by redirecting resources from lower priority projects that are not as central to the institution's overall mission and goals.

- **The system is flexible, with multiple reporting formats for various audiences.**

This budget planning system provides for both summary and detailed reports sorted by various categories of initiatives and/or by administrative levels. The reports are valuable to cabinet members as they prepare for budget hearings and to the decision-making process of the Budget Advisory Council.

In sum, this electronic system links departmental goals and priorities to the University's Strategic Plan and goals as well as to the University System's Plan and goal of strategic allocation of resources. It also incorporates elements of the master plan, facilities plan, and external plan. By drawing upon all these elements and bringing them together in a unified, five-component (strategic, budget, master, facilities, and external) planning model, this technology becomes a powerful tool enabling effective resource allocation. It results in more informed decisions based on sound data and advances the campus toward our defined vision for the future.

Excluding personnel costs, the direct expenditures associated with development of this model were less than \$100. Four hundred hours of programming time were dedicated to producing the system within a six-week period. Following one and one-half hours of hands-on training sessions with budget unit heads and their support staff, some HelpDesk support was necessary to answer basic questions related to initial access to the system. Once individuals were logged into the system, however, few additional technology-related questions arose.

### **Implementation**

Once this system was developed, all academic and administrative budget unit heads and their assistants attended one of a series of one and one-half hour-long workshops during which the new system was introduced and its operation was explained. Significantly, the President attended each workshop, introducing the planning system's developers and reinforcing the vital role of this system in attaining VSU's strategic plan. Again, the Offices of Planning, Finance, and Information Technology collaborated in the presentation of step-by-step instructions to participants. Detailed guidelines on the use of this system, including illustrated examples, also were posted on the University's strategic planning and budgeting website:

<http://www.valdosta.edu/planning/database/> under the heading "Detailed Step-by-Step

Instructions.” During the initial implementation in January 2003, budget unit heads completed their proposed departmental budgets and initiatives within approximately three weeks and forwarded these requests to the next level for review and prioritization. Throughout the process, individuals from the Offices of Planning, Finance, and Information Technology quickly responded to questions involving their respective areas of responsibility.

### **Benefits**

The numerous benefits of this system include greater openness and communication throughout the budgeting process. Department heads are expected to engage their faculty and/or staff in early stages of the process. Deans and vice presidents then involve their direct reports in follow-up discussions focusing on the initial department-level request. Since each department has an equal opportunity to recommend new initiatives for implementation, the resulting budget document represents a comprehensive compilation of all proposed initiatives. This is valuable for the immediate budgeting process and also provides an excellent list of projects for which the University can seek external funding through donors or grants. The resulting central database of proposed construction, renovation, or relocation of facilities links directly to the master plan.

The entire campus has experienced the powerful impact and positive benefits of this new system as a result of the open communication involved throughout the process. The system has proven vital to the discussions of the Budget Advisory Council regarding how to most effectively allocate our limited resources. It has directly involved all department heads, deans, directors, and vice presidents and has been especially valuable to the President. Ultimately, the University System as a whole benefits through VSU’s more effective allocation and utilization of resources in support of the strategic plan. On October 8, 2003, the Board of Regents of the University

System of Georgia recognized this university-wide budget planning model as one of eight best practices selected from over 73 submissions from throughout the System.

### **Retrospective**

As noted above, this budget planning model has been transferred to a web-based format for easier access and enhanced capability, including greater facility in linking with various routine forms such as position request documents and detailed budget spreadsheets. This transition required intensive training and work by the single programmer assigned this responsibility. Approximately 420 hours were dedicated to the enhancement effort. However, the advantages of this more sophisticated approach are well worth the investment, and the programmer's new skills will benefit the University well beyond the scope of this single project. In addition, an earlier starting date (mid-October) and longer timeframe (seven weeks total) have been built into the FY 2005 budget process, allowing greater time for open discussion, development, and prioritization of initiatives at all levels.