STRATEGIC BUDGETING IN INTERNATIONALIZATION

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INTRODUCTION

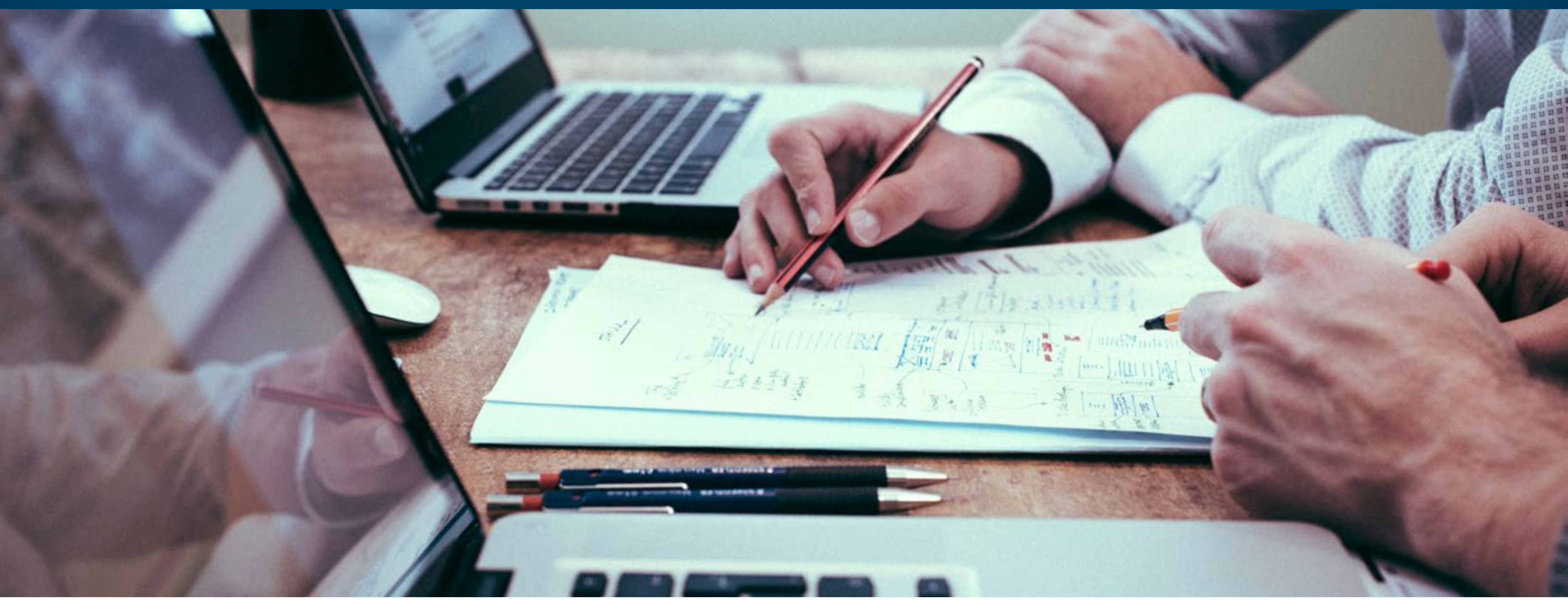
Senior International Officers (SIOs) are charged with delivering creative, competitive, cost-efficient, and impactful global programming which contributes to their institution's mission. At the same time, they are required to do so with limited funding, requiring them to have, at a minimum, a rudimentary knowledge of financial structures and strategic budgeting.

However, most university and college leaders are not trained in accounting or finance and may find budgets intimidating. This is not unique to higher education. According to NAFSA: the Association of International Educators, a "2018 survey of U.S. managers revealed that 34 percent had no prior training—and this number jumps to 59 percent for managers supervising one or two people."[1]

Within this context, here we provide the basics that any SIO will need in becoming adept at strategic budgeting, including: **1)** an overview of principal higher education funding and budgeting models, and their impact on internationalization; **2)** considerations for how SIOs can budget in strategic and sustainable ways; and **3)** tips for how SIOs can communicate their plans and advocate for additional resources.

[1] Strength in Numbers: Demonstrating Leadership Through Budget Management

FUNDING MODELS IN HIGHER EDUCATION AND INTERNATIONALIZATION



THE MANNER IN WHICH funding flows into higher education institutions (HEI)s and the sources from which it originates will impact organizational culture and institutional resource management mindsets. There are three predominant models for SIOs to consider:

1 EXCLUSIVELY PUBLIC FUNDING

Funding comes exclusively from public institutions, typically through federal, state, and local government allocations to HEIs. Exclusively public-funded systems typically enable tuition-free higher education. Not surprisingly, these systems include high levels of government control over program offerings, research priorities, and admission policies implemented by HEIs. Examples of this model include government-subsidized higher education systems in some European and South American countries.

2 PRIMARILY PUBLIC FUNDING

Funding comes primarily but not exclusively from public institutions, with HEIs able to pursue and implement funding systems from private sources. Private funding sources can include tuition fees paid by individual users, grants from private foundations, and donations from private investors. In this model, most HEIs have more autonomy than in the exclusively public funded model. U.S. public and land-grant universities are examples of this model.

3 MIXED (PUBLIC/PRIVATE) FUNDING

This model involves private and public institutions jointly or separately allocating funding to HEIs. While combining public and private funding sources, similar to the second model, what distinguishes this model is that public and private funding is combined prior to being invested in and allocated to HEIs. This might involve collective public-private concerted decision-making or independent oversight structures for each type of funding source. Additionally, it might require a strong shared governance structure, with regulatory powers.

In this model, international offices need to align the value of internationalization programming with the HEI's most dominant PBF expected outputs. This could, for instance, require demonstrating that participation in education abroad leads to higher graduation rates. PBF models can contribute to more 'stressed' units due to the competitive environment of achieving goals.

Understanding the dynamics of these systems helps SIOs align funding and budgeting strategies to drive internationalization within their institutions. For example, less reliance on governmental funding might be more accommodating of entrepreneurial strategies based on tuition revenue and other private funding. Conversely, tuition-free systems might be restrictive of internationalization strategies that require privately funded program fees.

BUDGETING AND FUNDING MODELS FOR INTERNATIONALIZATION

IN ADDITION to understanding how funding functions at the institutional level, it is important for SIOs to consider how funding is allocated within institutions. At the broadest level, there are three primary models:

1 INCREMENTAL FUNDING MODEL

The incremental funding resource allocation model is quite common. HEI units receive funding based on two criteria: how much they received in the previous fiscal year plus an increase to accommodate inflation. Other variations may result from either institution or system-wide budget adjustments (e.g. statewide budget cuts) or through investment in a strategic priority (i.e., improving facilities to modernize a campus).

The incremental model impacts internationalization directly. If there is a budget cut, it will impact internationalization in the same proportion, unless there is intentional action by leadership to minimize or eliminate the budget cut for certain areas, based on institutional priorities. When there is room for discretion, it is incumbent upon SIOs to work closely with institutional leadership, to demonstrate that their unit(s) deserve an exception.

2 FORMULA FUNDING MODEL

This model is based on an input-based formula that regulates most of the HEI's funding allocation. Examples of formula variables impacting funding allocation are levels of enrollment of minority groups, low-income students and supporting families, or high academic achievement individuals. This type of model is also found in higher education funding at the regional or local level, where governments or private sources can impact communities more directly and intentionally.

With this model, the international office might receive incentives if certain levels of participation in education abroad by minority or low-income students (i.e., Federal Pell Grant students in the US), or if they achieve a certain percentage of international enrollment.

3 PERFORMANCE-BASED FUNDING MODEL (PBF)

Similar to formula funding, PBF models may be used by governments or institutions to promote certain behaviors. PBF models focus on output goals like graduation rates, employment rates and average entry salaries of recent graduates, and academic progression or achievement of graduates (i.e., grade progression and grade averages). This approach has high potential for driving entrepreneurial behavior due to its goal-oriented, output-focus nature.

In this model, international offices need to align the value of internationalization programming with the HEI's most dominant PBF expected outputs. This could, for instance, require demonstrating that participation in education abroad leads to higher graduation rates. PBF models can contribute to more 'stressed' units due to the competitive environment of achieving goals.

The alignment of types of funding, revenue-generating activities and programming, and strategic long-term budget planning, in articulation with the HEI's overall key strategies, is fundamental for successful and financially sustainable internationalization.

STRATEGIC PLANNING AND COMMUNICATION IN BUDGETING FOR INTERNATIONALIZATION

WITH A SCARCITY OF RESOURCES, many international education professionals will focus solely on increasing cost-saving measures, reducing services, and curtailing programming. However, international education leaders must think beyond such actions, and instead approach budgeting for internationalization as a strategic opportunity.

When viewed this way, **strategic budgeting allows international education professionals to demonstrate leadership by focusing on priorities and serving as advocates for the financial sustainability of internationalization at their institutions.** And when methodically and intentionally aligned with an institution's strategic plans and vision, budgeting reflects the internationalization priorities of the institution and provides an intentional path for success.

At South Dakota State University (SDSU), Jacks Start Abroad[2], a program for incoming first-year students that promotes the development of a growth mindset in their first semester after a summer global learning experience, corresponds well with SDSU's institutional mission as well as its core value of people-centeredness.

The program features a fall semester course preceded by international travel in August. Participating students may receive financial aid or apply scholarships to program expenses.

Assistant Vice-President for International Affairs, Jon Stauff, at SDSU explains that the latter are kept relatively low thanks to the International Affairs office's ability to tap into fall semester faculty and staff workload from their home academic units.[3]

Examining strategic planning in budgeting through two interrelated areas, goal alignment (which includes prioritizing resources) and communication, is useful for ensuring financial sustainability.

[2] Jacks Start Abroad

[3] Jon Stauff, email interview by Jill Blondin, August 23, 2023.

GOAL ALIGNMENT

ALIGNING THE BUDGET WITH STRATEGIC GOALS that reflect the priorities of the institution creates a clear path toward internationalization. In this instance, the budget reflects and is interwoven with priorities, and successful outcomes are likely. First, one must examine where the institution and the international office are in terms of strategic planning and budgeting, and consider the following questions:

1. Does the institution have a strategic plan?
2. What are the institution's goals for internationalization (and are these mentioned in the strategic plan)?
3. Does the international office have a strategic plan?
4. Are the international office's goals aligned with institutional goals and/or the strategic plan?
5. Is the international office's budget aligned with the goals?

Consideration of these questions provides an opportunity to reflect on strategic internationalization in a resource-constrained environment.

Denison University's Executive Director of the Center for Global Programs, Katy Crossley-Frolick, explains that they adopted a two-pronged strategic budgeting approach to build staff: "First, we seeded three positions with generous grant money. Those positions were aligned with strategic objectives around internationalization. Second, **we looked for avenues of collaboration with other offices in the form of shared positions that amplify global learning outcomes for students and faculty.**" She adds that

> over a three-year period, we were able to break the fiscal year planning mindset and develop a staffing infrastructure to achieve multi-year goals.[4]

Just as the strategic plan serves as a guide for goal accomplishment, budgeting also indicates priorities because this is where the resources will be placed. And not all resources are monetary; in fact, they also encompass time, space, technology, and staffing. **When framed this way, it becomes paramount to prioritize these resources so that the international office is focused on specific goal accomplishment, and not simply engaging in tasks because 'we've always done it this way.'**

For example, running faculty-led study abroad programs can be incredibly resource-intensive. Yet if many students at the institution are choosing to participate in faculty-led programs and the individual programs are robust, generating tuition dollars, and providing global learning and cultural agility-building opportunities, the resources devoted can be justified. However, continuing to offer chronically under enrolled faculty-led programs is also resource-intensive, but much less impactful.

[4] Katy Crossley-Frolick, email interview by Jill Blondin, August 24, 2023.

> As an SIO sets priorities they should also consider new revenue sources.

As an SIO sets priorities, and considers existing institutional strengths and needs, they should contemplate what kind of resource outlay potential projects entails. They should also **consider new revenue sources, including external grants focused on global partnerships or capacity-building; new tuition dollars from international students; fees for international activities; and partnerships with international governments or ministries.**

According to Associate Provost for International Programs, Grant Chapman, at Kansas State University, looking at fees for services with regard to OPT and STEM OPT "is part of a holistic look at budgeting and revenue for international programs balancing the need for revenue to support our services and the barrier that fees for services may have on our global engagement initiatives including faculty, staff and student mobility."[5]

Certainly, there are challenges when it comes to strategic budgeting and the international office. Often misperceptions persist about resources, as some campus stakeholders may think of the international office as a piggy bank. **Having clearly articulated outcomes for internationalization, aligned with the budget, creates a clear path for goal achievement.**

[5] Grant Chapman, email interview by Jill Blondin, August 24, 2023.

COMMUNICATION

IN ADDITION to goal alignment, communication is fundamental to success in internationalization. International education leaders must communicate regularly with stakeholders to ensure support and collaboration.

Strategic communication at the University of North Carolina Chapel Hill leads directly to investments in global education. According to Associate Provost for Global Affairs, Heather Ward, "Our development team does a lot of communication with alumni and donors, manages a group of donors dedicated to UNC's global mission (Chancellor's Global Leadership Council), and raises annual unrestricted funds for the Chancellor's Global Education Fund, which our office uses for strategic investments."[6] The funds have been used to start a COIL program during the pandemic and award faculty for excellence in global teaching, research, and partnerships.[7]

An intentional communication strategy is not always considered as a critical component in ensuring financial sustainability, yet it is. SIOs should approach communication holistically and envision a strategy for internationalization that addresses the following groups:

1 FISCAL ADMINISTRATORS

Some international offices have dedicated fiscal administrators. International education professionals should establish a transparent and informed dialogue with the fiscal administrators, both within and outside of the international office. Not only should international education professionals meet regularly to understand and stay informed of budgeting needs and changes, but they should **empower fiscal administrators to see themselves as crucial to the goals of strategic planning for the institution.**

[6] Heather Ward, email interview by Jill Blondin, August 27, 2023.

[7] See also Ward's _Coming Out Stronger from the Pandemic: (Re)Building Your Team_.

2 INTERNAL STAKEHOLDERS

Internationalization at an HEI touches every aspect of the university enterprise, so not surprisingly, the list of relevant internal stakeholders will be extensive. This can include senior-level leadership, university boards, strategic enrollment management and admissions staff; human resources; the office of research; risk management; procurement; student affairs, development and alumni relations; university marketing and communications; government relations; and faculty, staff, and students. In communicating strategically, **SIOs can use their financial leadership to advocate on behalf of internationalization.**

3 EXTERNAL STAKEHOLDERS

It is imperative that international education professionals **tell the story of internationalization and externally share the success of global initiatives,** such as national awards, research collaborations, partnerships, and students' scholarships. Depending on the institution, this can mean writing or pitching stories to a campus communications unit or working with a communications staff member within the international office, producing newsletters that directly address target audiences, and importantly, engaging externally via social media channels.

At Florida Atlantic University (FAU), **strategic communication with the appropriate stakeholders has resulted in revenue sharing and more support for internationalization**. According to Assistant Provost for Global Engagement, Mihaela Metianu, "FAU partnered with a third-party recruitment agency to recruit students for direct admissions to select graduate and undergraduate programs. The Center for Global Engagement (CGE) worked with the Provost and Chief Financial Officer to develop a revenue-share model that would enable resourcing the units that support the admissions and matriculation of the newly recruited international students and reinvesting in broader international recruitment and enrollment management strategic goals."

Metianu adds that, "An internal MOU was established to ensure that CGE receives a percentage of the out-of-state tuition differential for the number of students enrolled through this recruitment partnership. As a result, the CGE hired three new staff members, provided compensation increases for the International Student Services team, and provided support to the Office of Admissions to travel internationally for recruitment and to upgrade the international admissions counselor to a more senior position."[8]

[8] Mihaela Metianu, email interview by Jill Blondin, August 28, 2023.

FINAL THOUGHTS

ENSURING BUDGETARY ALIGNMENT with strategic initiatives allows for prioritizing resources to foster internationalization. Yet, international offices often face endemic financial issues related to defective structural budgeting models. Familiarity with different budget models and potential sources of funding is essential to the success of internationalization and the international office at any institution.

Focusing on budgeting towards financial sustainability is critical as well. As institutional funding sources tighten and markets become more volatile, colleges and universities are seeking different budgeting models. International offices have many potential sources of funding—state allocations, tuition, student fees, 'general fund' allocations, as well as revenues generated by internal units including the English-language programs, study abroad, and other service areas.

It is incumbent on international education professionals to understand these budgetary contexts, and to be able to engage in strategic planning and impactful programming to further internationalization in a resource-constrained environment. This means methodically aligning internationalization goals with the institution's, prioritizing resources to reach these goals, and communicating internally and externally to share the needs and successes of the international office.