

# **BUDGET AND FUNDING MODELS IN INTERNATIONALIZATION**

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## **AIEA 2019**

# Strategies That Will Help Public Institutions Increase Institutional Revenues

## Universities

Recruiting more out-of-state students  
(57.4)

Recruiting more international students  
(51.1)

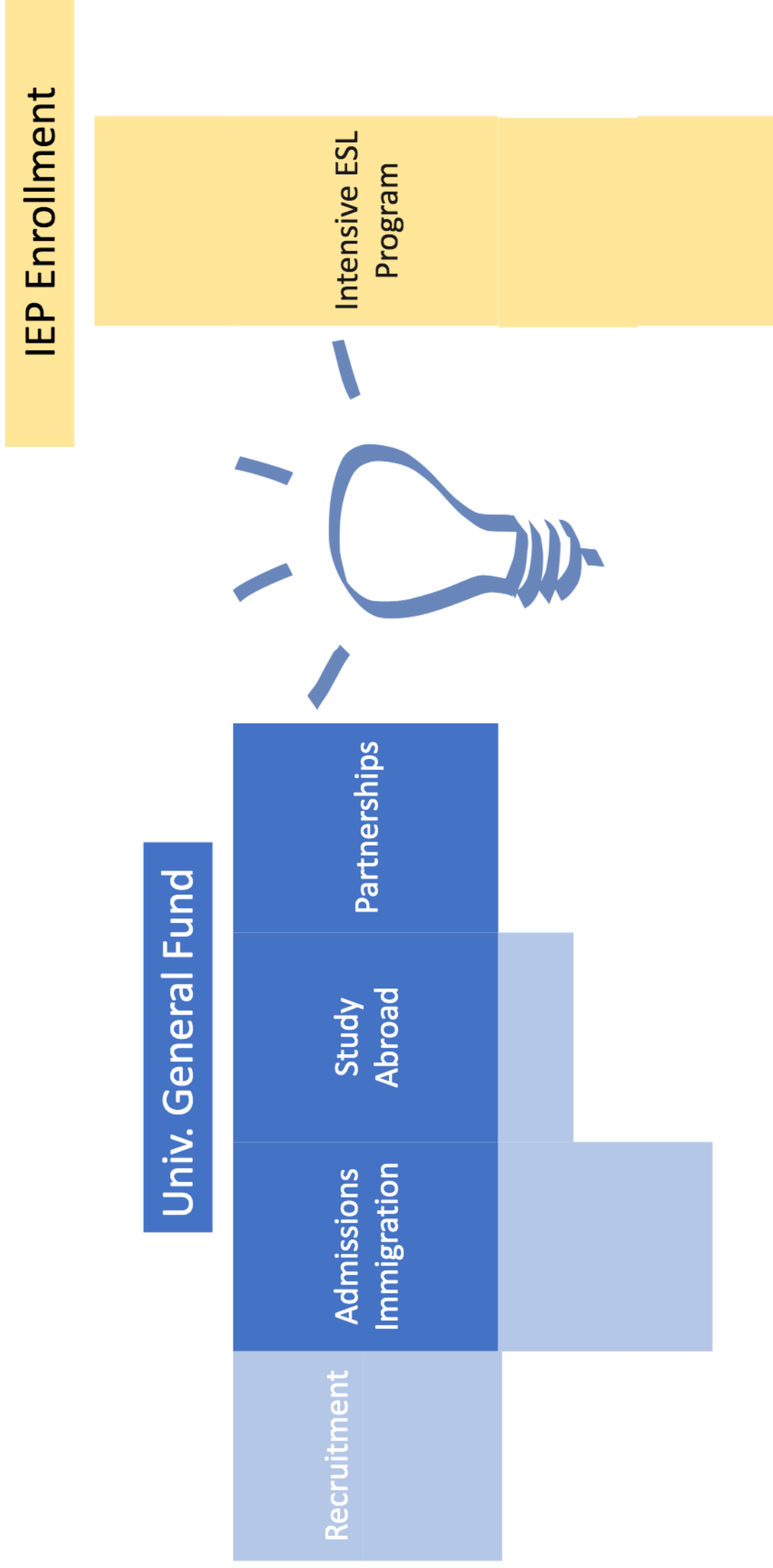
Securing more corporate support: grants,  
gifts & contracts:  
(46.8)

Increasing net tuition revenue  
(42.6)

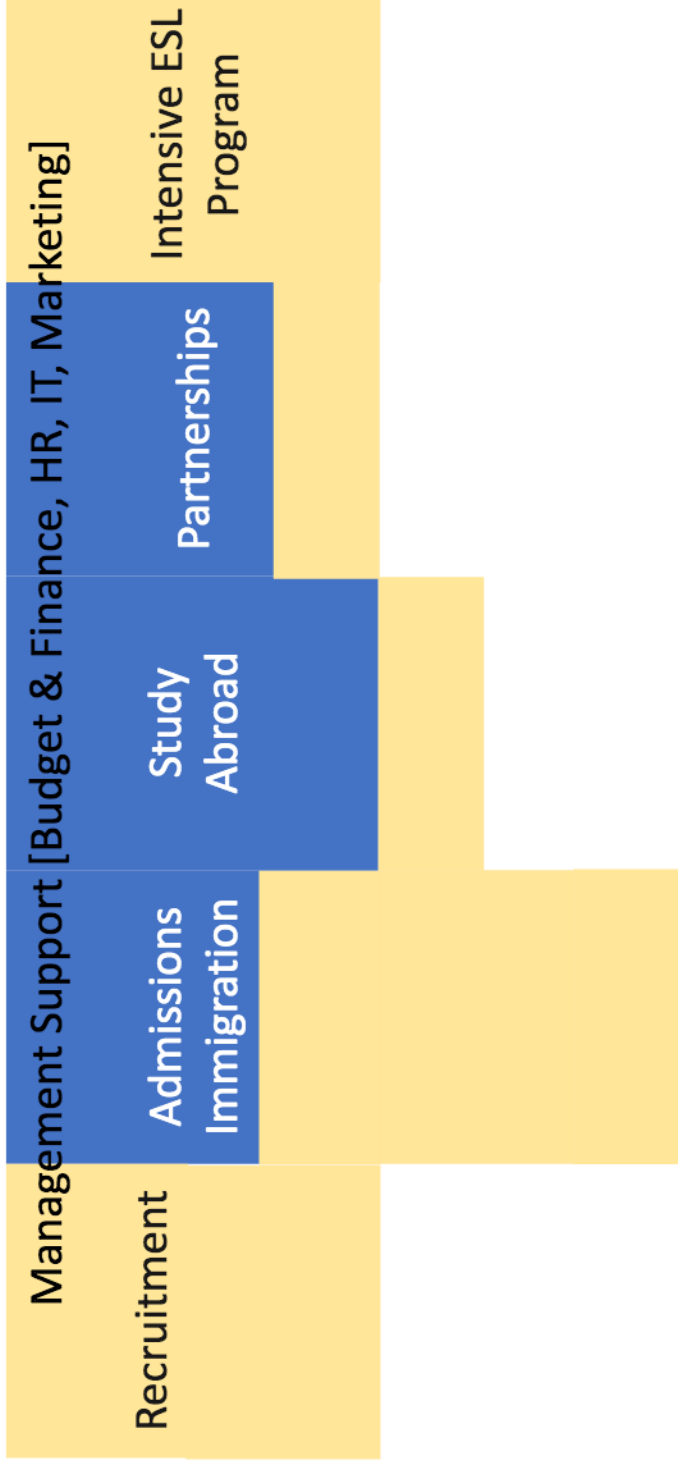
Recruiting more full-pay students  
(41.3)

Global Engagement

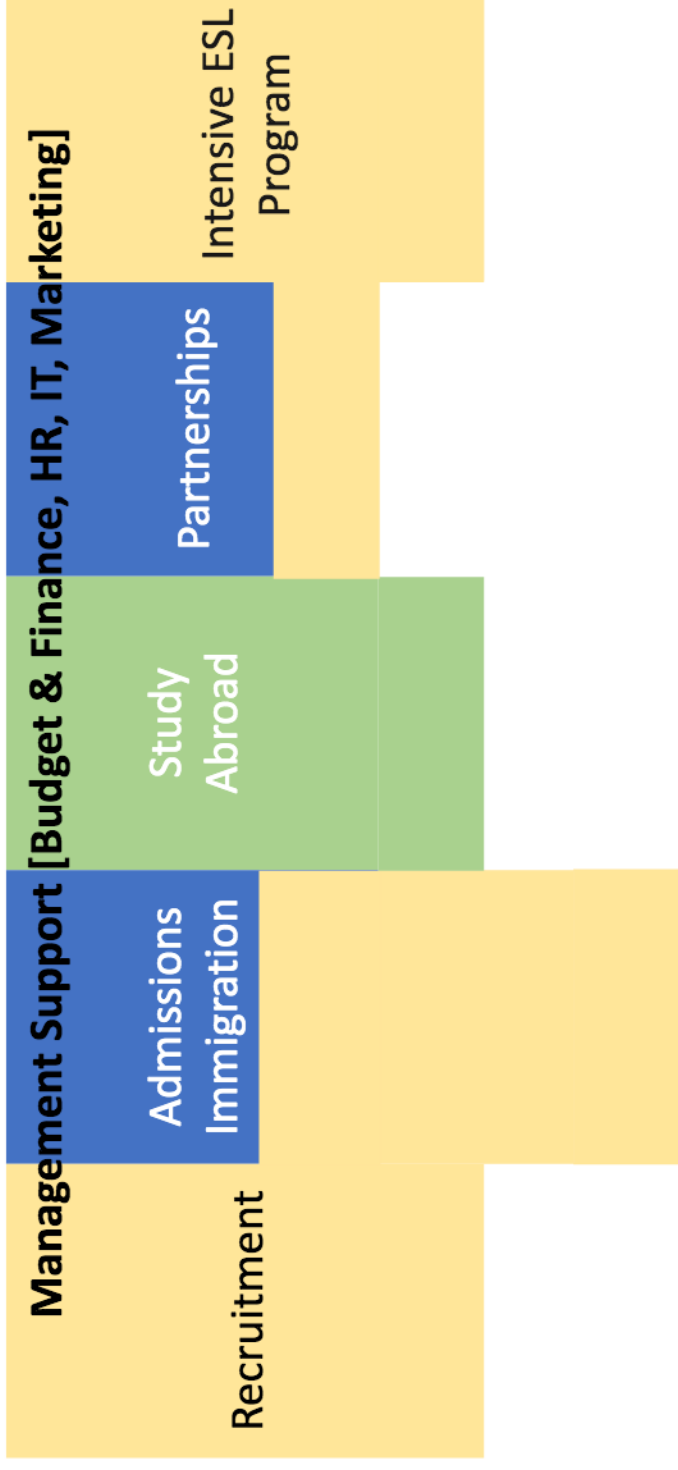
# HEIs International Office Funding “Strategy”



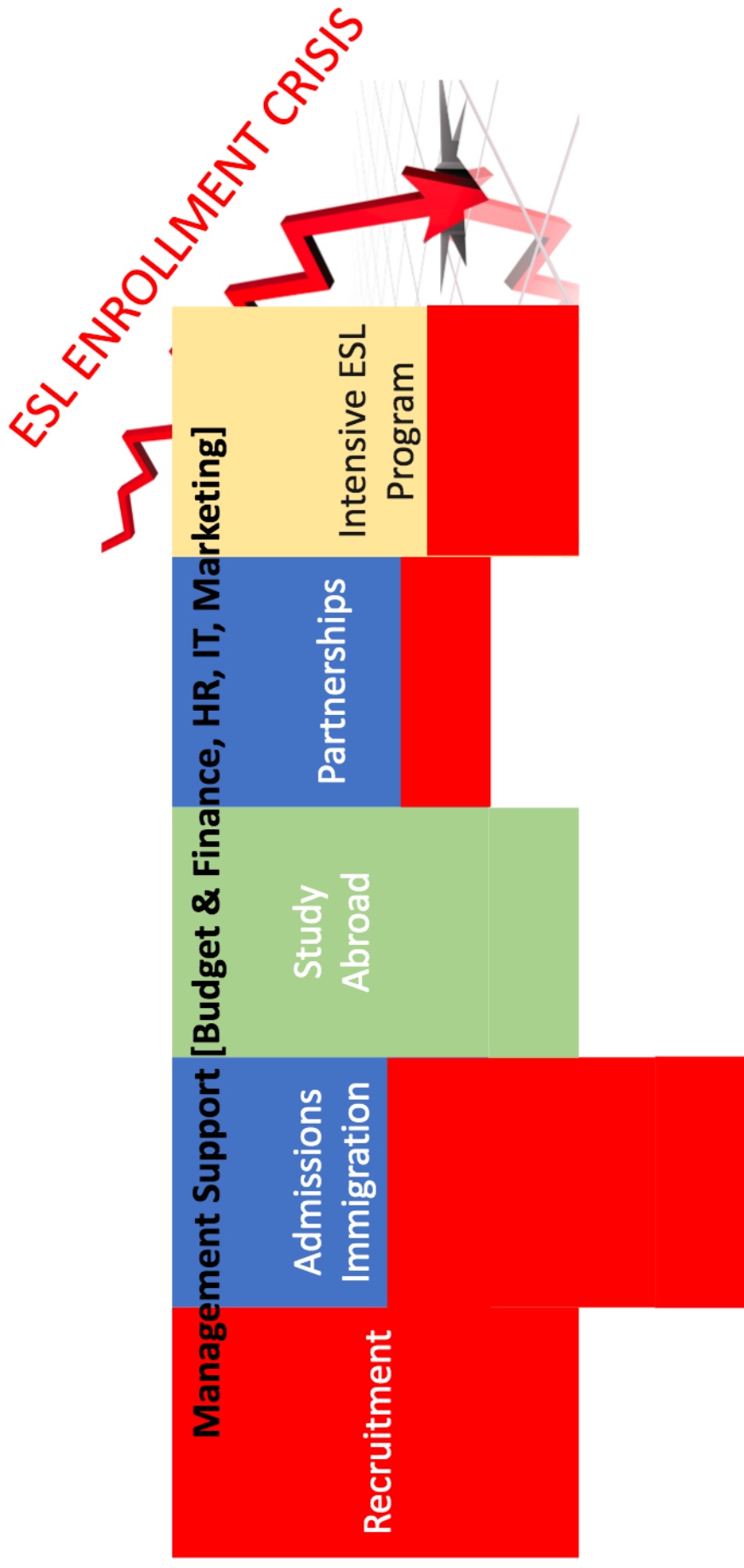
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## **TYPES OF FUNDING FOR INTERNATIONAL OFFICES**

- ESL tuition
- Visa and other immigration services fees
- Government sponsored student fees
- Partnership development fees
- Partnership academic programs (revenue from teaching programs abroad)
- International student activities fees
- Orientation fees
- Application fees
- Grants
- International student fees
- International student tuition
- SA fees charged to faculty-led SA programs
- SA course credits tuition (including SA faculty-led programs)
- International visiting scholars mentoring program fees

Other?

# **MAIN TYPES OF BUDGET MODELS**

## **Incremental Budgeting / Centralized Budgeting**

Traditional budget model. Budget proposals and allocations are based upon the funding levels of previous year. Decision-making powers to be in the hands of upper level administration.

## **Zero-Based Budget**

Previous year's budget for each unit is cleared. Every unit must request new funding levels, and all spending must be re-justified.

## **Activity-Based Budgeting**

Awards financial resources to activities that see the greatest return (increased revenues).

## **Performance-Based Budgeting**

Awards funds based on performance, which is determined by a number of defined outcomes standards.

## **Responsibility Center Management (RCM)**

Delegates operational authority to schools/colleges and other units. Each unit receives all of its own revenues, including the tuition of its enrolled students. Units are also responsible for their own expenses, as well as for a portion of expenses incurred by the university's general operations.



## Table 16 Budget Models

(percentages by sector, spring 2011)

Budget model used at your institution during the current academic year (ay 2010-11)*	Formula	Incremental	Performance-based	Revenue Center Mgmt. (RCM)	Zero-Based Budgeting
<b>All Institutions</b>	<b>26.1</b>	<b>60.2</b>	<b>19.6</b>	<b>14.2</b>	<b>30.0</b>
Public Institutions	34.8	59.3	21.0	11.8	25.6
Doctoral Universities	44.7	78.7	25.5	21.3	0.0
Master's Institutions	25.0	73.8	19.6	8.9	16.1
Baccalaureate Colleges	31.0	72.4	17.2	20.7	13.8
Associate/Community Colleges	35.8	47.4	20.8	8.7	37.6
Private/Non-Profit Institutions	17.1	62.3	18.2	17.1	33.2
Doctoral Universities	16.0	56.0	24.0	48.0	20.0
Master's Institutions	14.8	71.6	14.8	12.3	25.9
Baccalaureate Colleges	17.4	58.4	19.1	15.2	37.6

## **RCM-INSPIRED MODELS:**

### **Three categories of units that can be responsibility centers:**

1. Units whose mission is the teaching, research, and public service (core missions).
2. Units providing services to the 'core mission' units (i.e. IT, library, physical plant operations).
3. Executive management.

### **Defining the category of an International Office:**

- Is the IO an academic home to degree programs/majors?
- Can Study Abroad give responsibility center status to the IO?

## **QUESTIONS FOR DISCUSSION:**

- Explain the budget structure for your university
- Explain funding model for your international office
  - ESL model
  - International tuition, fees or other per student basis
  - SA tuition fees or tuition
- If you are under RCM, are you service or a RC unit?
  - Is it an internal RCM model or did you hire an external consultant?

## **CONCERNS:**

- IO becoming service unit affects mindset about internationalization
- IO funding will be seen by deans as a tax
- How much financial incentives impact one's performance
- Impact of contribution (or lack thereof) to the bottom-line on IO leadership and IO staff

**Please contact us to share IDEAS, COMMENTS, CONCERNS**

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