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Resource Allocation and Institutional Effectiveness: Exploring Financial Decision-Making in Public Research Universities

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Author

Breen, Karla Leticia

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Resource Allocation and Institutional Effectiveness:
Exploring Financial Decision-Making in Public Research Universities

A dissertation submitted in partial satisfaction of the

requirements for the degree Doctor of Education

by

Karla L. Breen

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ABSTRACT OF THE DISSERTATION

Resource Allocation and Institutional Effectiveness:

Exploring Financial Decision-Making in Public Research Universities

By

Karla L. Breen

Doctor of Education

University of California, Los Angeles, 2026

Professor Christina Christie, Chair

This qualitative case study investigates the effects of governance configuration and organizational design on financial decision-making at a leading public research university on the west coast of the United States. Rather than conceptualizing financial management as a neutral administrative function, the study frames financial authority as constructed through sequence, thresholds, and exposure. Interviewing academic and financial leaders and analyzing institutional documents, the research investigates how reporting hierarchies, revenue structures, and escalation pathways shape the timing, allocation, and compression of decision authority under fiscal constraints. Results reveal that financial expertise enters strategy at structurally determined points, that autonomy expands and contracts within institutional risk thresholds, and that decentralization creates uneven fiscal capacities across units.

Governance configuration emerges as the moderating structure of institutional resilience: when the sequence of authority shifts under fiscal pressure, it does not happen randomly, but follows a pattern. By identifying structural sequencing as the primary mechanism of financial authority, this case study contributes to the literature on governance and argues that resilience in public higher education is determined less by sources and volumes of revenue and more by the design of authority through which decisions are made, escalated, and absorbed.

The dissertation of Karla L. Breen is approved.

Kevin Eagon

Megan Franke

Christina Christie, Committee Chair

University of California, Los Angeles

2026

Dedication

I dedicate this dissertation to my parents, my brother, and my sister, who carried me through one of the most difficult and transformative seasons of my life. When everything changed and the path ahead became uncertain, you stood beside me with love, patience, and a belief in me that never wavered. You lifted me up when I felt I had no strength left, and you reminded me to keep going when I doubted myself. Your love carried me through the hardest moments. This achievement is not mine alone; it is yours too.

I also dedicate this work to my three daughters, who are the greatest gift in my life and the deepest reason behind all my effort. Thank you for your love, your patience, and every quiet sacrifice you made while I pursued this dream. Every step I took on this journey, I took with you in my heart. I hope this milestone always reminds you that no matter how difficult life becomes, you must never give up. We are stronger than we sometimes believe. And if there is one thing I hope you learn from me, it is that even in moments of doubt, strength and resilience live within us.

To my work family, thank you for not letting me quit. Thank you for holding me up, for encouraging me, and for believing in me when I could not do so myself. You saw possibilities in me that I could not yet see. You reminded me who I was when exhaustion, pain, and uncertainty tried to dim my light. Because of you, and with you, I made it to the finish line.

This degree represents far more than an academic achievement. It represents love, sacrifice, perseverance, and the strength of a community that never stopped believing in me.

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VITA

Karla L. Breen is a higher education financial and administrative leader with more than 20 years of experience in budget planning, financial strategy, resource allocation, and organizational operations within a major public research university. Her work has focused on supporting academic and administrative leadership in navigating institutional priorities, fiscal constraints, and long-term planning.

Since 2016, she has served as Assistant Dean for Financial Administration and Chief Financial Officer in the UCLA School of Education and Information Studies, where she provides executive leadership for a complex portfolio spanning academic departments, research centers, a laboratory school, and self-supporting units. In this role, she advises senior leadership on finance and administration, leads strategic planning and resource allocation efforts, and oversees financial operations aligned with academic and institutional priorities. Before this appointment, she held leadership roles at UCLA GSE&IS Center X in business administration, grants administration, payroll, and personnel management.

Her research interests include higher education governance, organizational structure, financial decision-making, resource allocation, and institutional effectiveness in public research universities.

Education

Doctor of Education, Educational Leadership, University of California, Los Angeles, 2026

Master of Business Administration, California State University, Monterey Bay, 2014

Bachelor of Arts, Sociology, University of California, Los Angeles, 2000

Professional Experience

Assistant Dean for Financial Administration / Chief Financial Officer, UCLA School of Education and Information Studies, 2016–present

Director of Business Administration, UCLA GSE&IS Center X, 2010–2016

Senior Grant and Payroll/Personnel Manager, UCLA GSE&IS Center X, 2006–2010

Payroll and Personnel Manager, UCLA GSE&IS Center X, 2005–2006

Honors and Affiliations

Staff Appreciation and Recognition (STAR) Award Recipient

Excellence in Leadership (EXCEL) Award Nominee

UC Women's Initiative Professional Development Graduate

Member, National Council of University Research Administrators

CHAPTER ONE

INTRODUCTION

This study analyzed public research universities from an organizational perspective, focusing on financial decision making to understand how organizational design in university governance structures impacts financial sustainability, resource allocation, and institutional performance. It assessed the alignment of funding decisions and organizational structures within one public research university, specifically one public research university located on the west coast, to gain insight into financial challenges. It examined stakeholder perceptions of how academic departments and administrative departments within the university are impacted by the structural variations that exist within the university, and how challenges were addressed to support academic and operational goals. Through considering perceptions of how hierarchy, financial decisions, academic departments, and administrative departments intersect, this research contextualized these elements as part of a cohesive understanding of university structure and effectiveness.

Decision-making is influenced by the type of institution. Higher education institutions can be identified as public or private, four-year or community colleges. Bess and Dee's (2007) collection of research aims to help upper-level administrators, leaders, policymakers, and faculty in higher education understand organizational structure. They categorize colleges and universities as "complex organizations operating in a diverse and ever-changing environment" (Bess and Dee, 2007, p. 2). The financial aspects of university organizational structures are fundamental, as they influence resource allocation, strategic planning, and institutional sustainability. In contrast to private research universities, the funding comes from tuition and endowment income (Ehrenberg, 2012), Bess and Dee (2007) discuss how public research universities obtain a significant portion of their revenue from state appropriations. In higher education, organizational structures determine how responsibilities are assigned, how teams coordinate their work, and how oversight supports institutional objectives. According to the Cornell Division of Budget and Planning (2024), an organizational structure outlines how "activities such as task allocation, coordination and supervision are directed towards the achievement of organizational aims."

The financial structure of a university determines how resources are distributed, how planning and strategy are developed, and how fiscally stable the institution is. Universities across the country are dealing with rising costs and increasingly complex financial management demands, often relying on budgeting structures developed for earlier funding environments (Hearn et al., 2006; Goldstein, 2020). This study explored how a large, complex public research university on the west coast structures and makes decisions about its finances; additionally, the study examined the perceived impact of these structures on the institution's ability to achieve academic and operational goals during fluctuating economic times.

For this study, I investigated decision-making among the administration and academic segments of a public research university. Financial decision-making in public universities can become particularly complex when fluctuations in state appropriations create uncertainty about available institutional resources. These funding shifts often require leaders across academic and administrative units to adjust budgeting priorities and resource allocation decisions. We need to know more about how those policy changes are implemented within the greater public university system structure and within the university.

The financial decisions of universities heavily rely on both formal organizational structures and professional and interpersonal networks. Organizational charts do not reveal the informal networks through which administrative and academic leaders collaborate, negotiate, and interpret financial directives. Leaders use their relationships with peers and committees and cross-campus groups to understand budget directives and adapt policies while ensuring resources match unit priorities (Birnbaum, 1988; Bolman & Deal, 2017). The network-based approach demonstrates that decision-making extends beyond structural processes because it depends on trust relationships and professional norms and mutual support.

Statement of Problem

We lack clarity on how state public universities structure and sequence financial decision-making under fiscal constraint. Higher education institutions, specifically public universities, are encountering never-before-seen challenges globally (Marginson, 2016). They are complex institutions with multiple units – academic and administrative - with various stakeholders with differing financial needs and priorities. Economic fluctuations, changing demographics, and evolving demands for education have intensified the need for universities to optimize their financial resources (Ehrenberg, 2012).

New demands increase the need for good strategies. For instance, Parker (2013) touched on strategies previously present but still applicable in current times among universities in competition for space in global higher education: "This increased need to expand globally comes with the lack of significant increases of state funding for state universities, resulting in the need to greater diversify revenue through increased tuition or research" (p.12). The strategy to increase out-of-state and international enrollment to address financial needs is key to addressing current enrollment pressures. The Open Doors 2023 report, published by the Institute of International Education and the U.S. Department of State's Bureau of Educational and Cultural

Affairs, found that new international student enrollment in the United States rose 14% in 2022–23, after surging 80% in 2021–22 as travel restrictions tied to the pandemic were lifted.

The strategy to increase non-resident enrollment to meet financial need is heightened by the state for increased numbers of in-state undergraduates (Jaquette & Curs, 2015).

Other demands come from increased access. In 2022, Governor Newsom proposed his initiative to provide education access to Californians by increasing UC undergraduate enrollment for transfer students by 25%, "beginning in 2023-24 and through 2026-27, increasing California resident undergraduate enrollment by more than 7,000…" (Office of the Governor of California, 2022). Policies such as this increase pressure on universities to expand enrollment while simultaneously managing financial constraints, infrastructure capacity, and competing institutional priorities. These pressures further complicate financial decision-making for university leaders who must allocate limited resources while responding to external policy expectations.

Given this context, this study addresses a central problem facing public research universities: in the face of fiscal constraint, they make consequential resource allocation decisions in the context of competing and often contradictory demands without clear institutional processes for how financial priorities should be interpreted, negotiated, and implemented across academic and administrative units (Jaquette & Curs, 2023). Prior research has analyzed trends in state funding, methods of determining university budget levels, and the general university responses to declining state funding. But little is known about the details of the budgeting process itself or how the institutional structures of universities influence who participates in this process and whose interests are reflected in the resulting budgets. In the context of the University of California, campus leaders have needed to expand access for in-state students, protect resources related to core academic functions, generate new revenue, and maintain research competitiveness while operating within a university structure that delegates significant authority regarding budget, personnel, and space decisions to individual academic and administrative units (Volk, Slaughter, & Thomas, 2001). Leaders face difficult choices about which priorities to fund, which units shoulder budget cuts, and how to strike a balance between sustaining the academic mission against the pressure to generate revenue, and these decisions are often unclear and uneven across the institution (Volk et al., 2001). As a result, financial strategies that may seem straightforward at the campus level can feel more constrained or even misaligned at the school or department level, leaving some leaders with far less room to respond to budget pressures than others.

To address this problem, this study examined the following research questions.

1. How do organizational structures, relationships, and power/politics inform financial decision-making among administrative and academic leaders within a large public research university?
2. To what extent do academic and administrative leaders perceive sufficient flexibility/autonomy/authority in responding to financial crises/budget cuts/overall directives to diversify revenue streams in ways that support the mission & vision of the unit/school?

Background

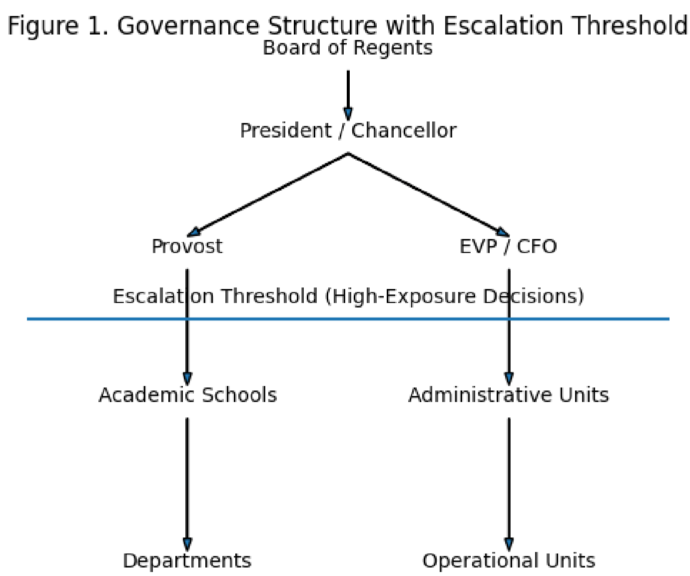
The organizational structures of public universities have a profound impact on their operations, including finance, which is essential for their sustainability and ability to fulfill their missions (Bess & Dee, 2007; Scott, 2008). Universities are complex organizations with diverse governing and decision structures. The organizational and decision-making structures of a typical large public university system include but are not limited to system-wide governing boards, chancellors, academic units, academic senate, administrative, and research. Below is a typical organizational structure for a large state university.

Governance Configuration: Partnership vs. Layered Pathways

Universities have experienced budget constraints in recent years, and therefore, it is necessary to assess how their financial structure, including decision-making processes, aligns with their objectives. An organization's financial management within a structure can serve or undermine a university's response to a financial crisis, as seen in the example below.

Figure 1.1

Governance Structure with Escalation Threshold



Note. The horizontal line represents escalation thresholds at which high-exposure financial decisions move upward for central review.

At a large public research university in the west coast, the university went through three external financial challenges over the last 20 years. The first was the 2008 recession that resulted in funding loss and furloughs for university employees. The second external challenge was the 2020 pandemic that resulted in loss of various revenue resources like housing and athletics. The third challenge is being felt now, with the financial challenges of the state. These challenges have led to re-benching, described as how state general funds are allocated to campuses based on enrollment in this state public university (Meranze & Newfield, 2012). Two of the three challenges mentioned above were overcome over time. However, the third is ongoing and is reflective of what other state universities in the United States are facing. That challenge demonstrates how effective financial management within an institution's structure is crucial to fulfilling their three core missions - education, research, and community engagement. Effective management might include better choices that balance budget priorities based on operational need and diversification of budget resources, such as development of budget models that increase transparency and financial support and analyzing cost effectiveness and long-term sustainability. For example, some public universities have moved away from incremental funding models to activity-based funding models providing departments opportunities for a new funding source, hence increasing diversification.

Since 2008, many public research universities have seen reductions in state allocations. This has increased the pressure to diversify their revenue portfolios and increase tuition while also needing to reduce costs. One recent case is the University of Arizona, which encountered a $177 million budget shortfall and addressed it through major spending cuts and staff layoffs as part of its effort to restore financial stability (Schwartz, 2024). The University of Connecticut also has a $70M deficit expected for 2025 and cuts are already being talked about (Lederman, 2024). Universities impact society in many ways because they provide education, and they can conduct research and create innovation which can be a challenge for public universities with decreased state funding available. However, as Altbach stated during the previous economic downturn in response to what universities were affected by it, "Universities are unique organizations that require significant financial resources to support their core functions…"

(p.18). This challenge needs to be met with pivotal decision-making so that universities can continue to provide their role to education, research, and innovation.

Enhanced Conceptual Framing

In public research universities, financial decision-making is not merely an administrative process; it is a structural process. Organizational design, reporting hierarchies, and budget structures determine how authority is exercised and how compromises are made. Organizational studies argue that the structure of an organization not only determines how work is accomplished but also whose power matters and who should be included in decisions (Bolman & Deal, 2017; Mintzberg, 1983). In complex, professional bureaucracies such as universities, however, authority is layered, negotiated, and sequenced through formal reporting relationships. Resource dependency theory further suggests that organizations are shaped by external funding environments and political constraints (Pfeffer & Salancik, 1978). As state appropriations decline and tuition dependence increases, public universities must adapt not only financially but structurally. These pressures influence how authority is distributed, how decisions escalate, and how autonomy is exercised across academic and administrative units.

Universities also function as loosely coupled systems in which formal authority coexists with informal networks that enable coordination across decentralized units (Weick, 1976). These networks often serve as interpretive spaces where financial directives are translated into operational decisions. Under fiscal stress, governance structures tighten and decision authority compresses vertically (Birnbaum, 1988). Thus, understanding financial decision-making requires attention not only to budgets, but to governance configuration and the structural sequencing of authority.

Taken together, these theoretical perspectives establish the foundation for examining financial decision-making as a structurally embedded process. Understanding how authority is sequenced, escalated, and compressed under fiscal pressure requires situating governance design within the broader institutional and historical context of public higher education. The following section provides that contextual grounding.

Research Design Overview

I used a qualitative explorative case study with semi-structured interviews and document review with key stakeholders at a major public research university. This university is impacted financially by organizational decision-making structures. A qualitative case study design is appropriate because it can be descriptive, explanatory, and exploratory. Creswell and Creswell (2023) indicate that qualitative research should have some of the following characteristics: participant meaning, natural setting, research as key instrument, and multiple sources of data - to name a few. This fits my study in that allows for exploration of a current phenomenon occurring at a site in the current time frame (Rashid et al., 2019). This description fits my study in that case study allows for the collection and analysis of evidence in response to a question or questions, as noted by Rashid et. al. The objective of a case study is to go in-depth on a research problem in a real-life context, in this case, the context of a research university.

The study primarily relied on semi-structured interviews as a central data collection method. These interviews engaged middle-level leaders representing both the academic and financial segments of the university. Participants included academic deans, associate deans, and financial officers at the school and departmental levels, individuals who are directly involved in implementing financial decisions and navigating budget constraints. These leaders occupied a critical position within the organizational structure: they translated university-wide directives into unit-level practices, balanced limited autonomy with central oversight, and addressed disparities across departments. Their perspectives provided insight into how governance structures, financial authority, and crisis conditions shape decision-making within a complex and evolving funding environment.

In addition to interviews, data was collected from select key personnel that relate to their area, for example organizational charts to identify any differences or similarities that may be perceived impacted from major decisions (financial) launched by the university leadership. Documents related to the university's budget model and financial portfolio also served as resources for data collection. Based on the qualitative case study procedure recommended by Creswell and Creswell (2023), thematic analysis was conducted on the interviewees' transcripts and the institutional documents using an iterative approach. Initially, the open coding stage was carried out to identify the recurring concepts related to the scope of academic and administrative boards' composition, as well as their financial responsibilities, and the authority and mechanisms that governed their financial choices. Afterwards, the open codes were grouped into thema

tic categories that characterized the financial decision-making procedures in the governance structures identified in each academic and administrative board.

Study Significance

As public research universities undergo a major overhaul of their financial and research budgeting systems, this study provided insights for university administrators, policymakers, and stakeholders in higher education. This study investigated whether structural, governance and reporting arrangements influenced financial decision making in various complex university structures. The study found there was no uniformity of financial decision making within colleges and schools across the university or within the various components of central university administration. Rather than uniformity, there was considerable discretion in the exercise of financial decision making and varying degrees of financial flexibility, depending on the position of colleges and schools within the structure, access to information, and proximity to the university center.

The findings also illustrate how academic and financial leaders navigate institutional priorities such as enrollment growth, revenue generation, and the protection of core academic functions. All this while operating under fiscal constraints and central budget directives. These insights help explain why financial strategies that appear straightforward at the institutional level may be experienced differently across schools and departments.

This study therefore contributes to a deeper holistic understanding of how governance structures shape financial authority, resource allocation, and decision-making processes within large public research universities. By examining these dynamics within a complex public university system, the study provides insights that may inform future institutional decision-making and policy discussions regarding financial sustainability, governance design, and resource allocation in higher education. This study contributes to the broader discourse on the future of higher education.

CHAPTER TWO

LITERATURE REVIEW

Universities exhibit diverse organizational structures that shape financial strategy and resource distribution. As noted earlier, this research provided a holistic understanding of public research university organizational structures through the lens of financial decision making. The financial aspects of these structures are particularly critical, as they dictate the allocation of resources, inform strategic planning, and ultimately shape the institution's long-term viability. In the wake of the 2008 financial crisis, many public research universities experienced a decline in state funding, compelling them to diversify their revenue sources. This shift often involved increasing tuition fees and implementing cost-cutting measures. Notably, state funding for these universities has not reverted to pre-2008 levels, significantly affecting their financial distribution across various university departments and programs (Seltzer, 2018).

This literature review first provides a comprehensive review of the different kinds of university organizational structures. It then turns to financial structures in higher education focusing on their financial portfolios and governing organizational structures influencing financial decision making, including looking at budget models. It next describes the different budgetary challenges that universities have faced. Finally, it concludes with a review of university organization structures, theories, and financial structure of public state universities. Given the limited scope of existing research in this area, I will focus on research, articles and current events in higher education while leveraging my own professional experience to enrich the understanding of these vital aspects as it is tied to the research on university organizations and financial structures.

Organizational Structures in Universities

Efficiency versus Innovation: Centralized and Decentralized Structures in Universities

The organizational structures of universities, both governing and decision making, can be categorized into four primary types: centralized, decentralized, matrix, and hybrid structures. Each structure offers distinct advantages and challenges in the context of organizational governing structures and decision-making processes. Bess and Dee (2007) state that "state-governed institutions tend to be more bureaucratic, with more rules and regulations" (p. 21). These state institutions have policy decisions made at the state level and "carried out by state agencies in consultation with institutional administrative heads of state institutions" (Bess & Dee, 2007, p. 21). These heads could be state governors to presidents or chancellors of a state system that in turn relay the policy the state and the system decide for implementation by various campus leadership heads in the system. McLendon (2003) clarifies that broad policies are set by the state, for example tuition and hiring positions, but "campus presidents, trustees, and administration may have discretion in how they implement state policies reverting away from the states back to campuses, a decentralization trend" (Bess & Dee, 2007).

Higher education organizational structures within universities are critical components that shape their operations, including budgeting, fund management and workforce dynamics (Bevins, Law, Sanghvi & Valentino, 2020). Varied, but not extensive, existing research has explored the intricate relationships among university organizational structures (Furumasoli & Stensaker, 2013). Marginson (2013) highlights centralized and decentralized organizational structures in universities. Bess and Dee state that centralization and decentralization have an impact on how people participate in the organization (2007). Centralized structures may produce more streamlined processes, but they may constrain flexibility and adaptability under changing conditions (Bernstein et al., 2023). As a financial officer of a key unit within a public research university, my experience has been that universities often rely on legacy practices and systems that stifle innovation.

Decentralization can inspire innovation. With technology evolving, mainframe systems are being replaced with cloud-based systems that allow for diversification of how things are done and from where. For instance, a major public research university recently implemented a cloud-based financial modernization project designed to integrate multiple technology platforms and improve institutional efficiency, demonstrating how evolving technological infrastructure can reshape administrative coordination and decision-making processes (internal strategic planning document, 2024). This decentralization of systems fosters innovation because of greater participation. Resource allocation can have an impact on financial and human resources (Bess & Dee, 2007). However, the problem arises when resources that are needed impact innovation due to the university overextending financial and human resources during times of budget cuts, as seen at the large public universities in the west coast.

According to Kim and Mauborgne (2009), the alignment of organizational structures with strategic goals significantly impacts financial structures of organizations, like public universities. As noted above, centralized structures may excel in ensuring efficient resource allocation, while decentralized structures encourage local innovation and decision-making. Some public universities, like the large public research university in the west coast, are currently revising centralized budget models to increase transparency in resources and participation from an incremental model to a hybrid model that considers activity and incremental growth (Hanover Research, 2023). Universities, especially public universities, need to find "financial stability without sacrificing institution mission or values" (Hanover Research, 2023). This market research report further notes: "…it may seem like an intense balancing act to manage the needs of students, faculty, and the long-term financial health of the institution" (p. 5). Hanover Research (2023) further discusses this balancing act that has led to the rejection of one-size-fits-all organizational budget model at many public universities like the University of California, Arizona, Michigan and Connecticut to name a few.

While formal reporting structures establish the boundaries of financial authority, decision-making in public universities is not determined by structure alone. Governance configuration sets the conditions under which authority is activated, escalated, or constrained, but financial decisions are enacted through relational networks, professional norms, and political negotiation. Leaders interpret budget directives within the context of trust relationships, committee dynamics, and access to information. Thus, financial authority is structurally conditioned but relationally enacted.

Centralized Structures

Incremental budgeting has been a common approach in higher education for many years because it offers consistency and is relatively simple to manage. As financial challenges have intensified, though, many institutions have started exploring decentralized, hybrid, and responsibility-centered models to improve transparency and more closely connect incentives with strategic goals (Hearn et al., 2006; Kosten, 2009; Goldstein, 2020). However, there has been a growing shift toward hybrid and responsibility-centered approaches, particularly in institutions facing sustained fiscal pressure and seeking greater transparency and incentive alignment (Hearn et al., 2006). Research suggests that no single model is universally "most effective"; rather, effectiveness depends on the degree of alignment between institutional goals and budget incentives (Kosten, 2016). Hybrid models have gained traction because they attempt to balance decentralization with central oversight, mitigating some of the risks associated with fully decentralized RCM systems.

Centralized organizational structures in universities are characterized by a singular authority responsible for critical decision-making. This model, as noted by Birnbaum (1988), is efficient for managing funds centrally, ensuring uniformity and consistency in financial decisions.

Decentralized Structures

A decentralized organization gives more decision-making power to individual departments, schools or divisions rather than a central office. School or departmental administrators may have more say in how budget dollars are spent and other operational matters. According to Mintzberg (1983) a professional bureaucracy, such as a university, is usually highly decentralized in order to reflect the importance of professional competence and autonomy.

Adaptive budgeting arrangements can provide an opportunity for innovation and flexibility at the level of activity. Because more decisions can be made by those closer to the faculty, staff, and students engaged in particular activities (i.e., those with more knowledge of the activities), department chairs, deans, and financial managers will have more opportunities to make relevant financial decisions closer to the time these decisions are needed in order to meet the needs of the local academic program. This approach to budgeting is quite different from the concept of decentralization, in which more authority is given to more units in an attempt to eliminate structural inequalities. The potential for management conflict in the latter approach was noted by Birnbaum (1988).

Matrix Structures

Matrix structures attempt to achieve the best of both worlds by providing a highly centralized as well as highly decentralized structure. A matrix structure has two lines of authority between functional management and project/program management. According to Galbraith (1971), a matrix structure is a structure designed to enable a high degree of interdepartmental cooperation while at the same time preserving the integrity of specialized departments.

Some university matrix structures are created to show the relationships between academic programs, research centers and administrative departments. These are common in research universities to foster interdisciplinary research activities and to provide more flexibility in the allocation of resources. Unfortunately, in these cases, employees must deal with multiple managers and are subject to numerous levels of approval and review, which they find very bureaucratic and more difficult to manage.

Hybrid Structures

While centralized and decentralized structures are often presented as binary alternatives, organizational scholarship suggests that authority in professional bureaucracies is frequently mediated through reporting configuration and sequencing rather than formal hierarchy alone (Bolman & Deal, 2017; Mintzberg, 1983). In higher education, governance structures determine not only who holds authority but also when financial expertise enters deliberation. The timing of participation—whether fiscal leaders are embedded in early strategic framing or introduced during downstream implementation—can significantly shape the range of viable options considered. Thus, structure influences both participation and interpretive authority.

Hybrid structures incorporate features from both centralized and decentralized models, aiming to strike a balance between efficiency and flexibility (Hood & Peters, 2004). This structure is adaptable, potentially enabling universities to respond effectively to changing financial landscapes.

The selection of an organizational structure significantly impacts a university's ability to navigate financial challenges, particularly in periods of economic uncertainty as seen first-hand in the 2008 recession as a university employee. Understanding these structures' implications for financial management is crucial for sustaining the long-term health and success of higher education institutions.

Financial Structures in Universities

Exploring Traditional Budget Models within Higher Education Institutions

The degree of flexibility and central control in higher education budgeting varies considerably from one institution to another. Budget models generally fall along a continuum that ranges from highly centralized to highly decentralized. Under a centralized approach, key budgeting and planning decisions are made largely by the institution’s central administration (Hearn, Lewis, Kallsen, Holdsworth, & Jones, 2006). In contrast, decentralized models grant departments, deans, and chairs more responsibility for managing budgets and making financial decisions (Hearn et al., 2006). Higher education budgeting practices differ based on their position along this continuum. More centralized approaches, such as incremental budgeting, retain most financial decision-making at the institutional level. More decentralized systems, including responsibility center management (RCM), assign individual schools or units’ greater responsibility for revenue generation, expense management, and local financial decision-making. Many colleges and universities fall between these two ends of the spectrum, adopting hybrid approaches that combine centralized oversight with decentralized accountability and incentives (Whalen, 1991; Hearn et al., 2006; Kosten, 2009; Goldstein, 2020).

Budget models do more than allocate resources; they structure incentives and redistribute authority. Responsibility Center Management and hybrid models decentralize financial accountability while preserving central oversight (Whalen, 1991; Hearn et al., 2006). Resource dependency theory further suggests that shifts in external funding streams alter internal authority relationships, as units must adapt strategically to preserve revenue stability (Pfeffer & Salancik, 1978). As a result, financial models function as governance mechanisms that regulate discretion, escalation thresholds, and strategic flexibility.

The goal for many universities transitioning to new budget models is to place greater financial responsibility closer to the point of decision-making, particularly at the level of schools, colleges, and deans (Hearn et al., 2006; Kosten, 2016). Budget model reforms are often designed to improve transparency, reinforce accountability, promote revenue generation, and better align resources with an institution's strategic priorities (Hearn et al., 2006; Kosten, 2016; Goldstein, 2020). These general objectives work to increase transparency with various stakeholders regarding the need to adjust budgets.

Some models serve as incentives for units to increase their revenue through revenue-generating programs while also requiring institutions to address the redistribution of central costs and fees that come with decentralized budgeting structures (Hearn et al., 2006). Kosten (2016) indicates that to achieve shared goals, central funds need to be made available to support the operations, strategic initiatives, and seed funding for new programs, especially revenue-generating programs. Ultimately, no single budget model is universally most effective; its usefulness depends on how well it aligns with institutional goals, priorities, and circumstances (Kosten, 2016). No model works for all universities, but the objectives resonate across the various models.

Revenue Sources within Public Universities

State Allocations

The various budget models provide a structure for the various funding sources that the models manage. Below, I discuss the funding those models manage, specifically state funding, which is diverse. Numerous misconceptions have reached back several decades - that higher education revenue primarily consists of student tuition (Mitchell et al., 2018). More significantly, funding allocations for public universities are directly shaped by the state budget process, as institutional budgets remain closely linked to state appropriations. Like the state budget process, university budgets undergo review and approval yearly at many university systems, like the UC system. Many institutions have steadily shifted away from depending solely on incremental budgeting, instead examining decentralized and hybrid models as financial conditions continue to evolve (Hearn et al., 2006; Kosten, 2016; Goldstein, 2020).

Institutions have gradually moved away from an incremental budgeting process. The underlying factors that led away from the incremental approach have changed over time. Pressure to see increases in state funding to colleges and universities has decreased, and there is an increased emphasis on transparency in budgeting processes. As a result, many budgeting processes have been changed to relate budget requests more closely to institutional functions (e.g., responsibility-centered management and its derivatives, Hearn et al., 2006).

While this data is insightful, it lacks transparency. We do not know if the universities reviewed had any commonalities in location, or if the universities were from various regions in the United States. State funding mechanisms differ from state to state. For instance, in the University of California (UC) system, the campuses receive state appropriations each year in the form of the California state budget, which provides funding for current instructional activities and systemwide priorities identified by the University of California Office of the President (University of California Office of the President, 2023). However, these appropriations make up only a small percentage of the overall revenue that campuses receive from many different sources, including student tuition and fees, research grants and contracts, and other activities (University of California Office of the President, 2023). Thus, campuses in the UC system and probably in other systems as well, operate under a mixed budget model, in which state appropriations are combined with fee-for-service revenues generated from activities that are charged by the hour, for each enrollment, for each research grant or contract, etc.

States have long provided financial support to higher education; however, the methods in which states fund higher education have changed. A few states have adopted more explicit performance funding models. For example, in 2015 Tennessee adopted an outcomes-based funding formula that ties a portion of state appropriations to performance metrics related to student success, research and workforce outcomes (Tennessee Comptroller of the Treasury, 2017). These performance metrics are then incorporated into institutional budget processes. This case study provides a look at the impact of state level performance funding formulas on institutional financial governance and budgeting practices.

State funding structures and resulting budget models differ dramatically across the US. While states support a broad array of activities associated with instruction through their appropriation, the structure of that appropriation can differ in important ways. Some states have institutional budget models where the state appropriation is allocated based on a formula that includes elements such as total headcount and sometimes weight factors for specific student populations. Other states have performance funding models where a portion of the state appropriation is linked to performance metrics that may include items such as institutional graduation rates, research activity for doctoral-granting institutions, or other institutional performance metrics (Dougherty & Reddy, 2013; Hillman et al., 2015).

While there is considerable variation in state approaches to the new state funding models, not all states are following the same model, and institutional budgeting responses are being affected by state actions. For example, institutions in states using performance funding are starting to reorganize their internal budget structures to be more compatible with the performance funding and output-based funding goals of state policymakers (Hearn et al., 2006; Kosten, 2016). At the same time, other institutions are moving in the direction of hybrid or responsibility-centered budget systems as they are faced with reductions in state appropriations and have increased uncertainty about state support in the future. Overall, these developments suggest that state actions with respect to the new state funding models are affecting the distribution of authority in institutions and the methods by which budget and other resource decisions are made.

State budget pressures are increasing. As Mitchell et al. reported in 2018, state higher education appropriations in all 50 states show that state funding to public higher education remains well below its pre-2008 recession peak relative to personal income. With state funds dropping and no guarantee of their return, many public colleges and universities are working to modernize their budgets to address current state and institutional needs.

State Disinvestment

The growing disinvestment of many states in their public universities has forced universities to review their overall financial portfolios. Seltzer (2018) notes that the University of California may be coming to a crossroads as state revenue continues to shrink while the state population is projected to grow. The UC system's leading mandate is to be a source of higher education for residents of California. The UC Berkeley Center for the Studies in Higher Education August 2018 report, *Approaching a Tipping Point?* indicates that traditionally the UC depended on income from federal land grants, philanthropy, and some state funding. This changed in 1911 when some state funding shifted to at least 50% (Douglass & Bleemer, 2018).

Tuition Connected to Enrollment

Recently in California funding was tied to student enrollment and therefore this funding model changed the importance of state funds to the various UC campuses. The economic challenges of the 1990s and again in 2008 saw a reduction to those state funds. The state's disinvestment in the UC system left the system and its campuses to diversify their revenue portfolios (Douglass & Bleemer, 2018). This challenge is not isolated to just the UC system but is also seen at other state universities in various states (Mitchell et al., 2018).

The shift in the funding formula to UC led to various cuts to state funding, even though the system saw a rise in California residents' enrollment. Douglass and Bleemer (2018) state that funding per student overall continues to be below the amounts allocated ten years ago. The challenges these reductions place on a system like the UC and the difficult choices left to leadership are increasing: to grow university enrollment even though the formula in funding won't grow - or decide to set enrollment limits that will keep quality and productivity intact (Douglass & Bleemer, 2018). The UC continues to ensure access to undergraduates by accepting the top 12.5% of high school graduates throughout the state, and the universities reserve one-third of their seats for students transferring from California’s community colleges (University of California, n.d.). An essential point in Douglass and Bleemer’s study is that even though funding is decreasing, UC continues to maintain access to low-income and first-generation students.

Enrollment Trends

Student enrollment is still a very significant factor in university budget planning. Enrollment impacts a substantial amount of revenues and expenses. In the case of public universities, state support formulas are also often driven by enrollment counts. Increases in enrollment counts can result in increases in revenue from tuition as well as increased expenses related to student financial aid. As Forbes recently noted, 56% of undergraduate students (Hamilton, 2023) are first-generation college students and the 2024 education data indicates that 34% of undergraduate students receive a Pell Grant (Hanson, 2024). Therefore, understanding the challenges that are associated with increased enrollment along with increased student aid in a university budget is essential.

Enrollment trends are also heavily influenced by the budget models that are in place at an institution. Revenue from tuition received from students that actually enroll at an institution is one of the largest sources of operating revenue at the postsecondary level, and it is used by an institution to meet its return-to-aid policy, thereby reducing the financial aid that is awarded to students. Changes in enrollment can significantly impact an institution's level of available resources and affect its ability to balance its budget.

Student enrollment at public universities is in constant change due to a variety of factors impacting students, universities and the higher education market. External shocks like the COVID-19 pandemic can also affect the ability of students to enroll and, therefore, on the revenues generated for universities. As student enrollment has a disproportionate impact on university revenues and budget makers often have limited information in forming annual budgets, the impacts of these pressures on the behavior of budget makers and in the resulting actions taken at the university level are of great concern to those who regulate and invest in public higher education.

Strategic Plans

Historically, state university budgets and their strategic plans depend on state budgets that allocate a good portion of their funding. The established process when universities develop their strategic plans is to evaluate their environments, resources, and strategy development; set goals; and review their organizational structures (Kotler & Murphy, 1981). Kotler and Murphy's point that universities also need to evaluate their ability to implement their strategic plans system-wide is true today as much as it was in 1981. The Southern Association of Colleges and Schools Commission on Colleges (SASCOC) point out that a university's budget needs to have sound planning, and that is true throughout the United States and not just the south (Southern Association of Colleges and Schools Commission on Colleges, 2018). Therefore, aligning the university's strategic plans to state allocations allows legislatures to review how university systems are spending state funds. Most of these plans include strategic goals for growth in fundraising, time to graduation success, and enrollment growth. States' continued disinvestment would significantly impact on the resources universities have to meet these strategic goals. Investigating how resources are perceived to be distributed will add further understanding and discussions related to strategic plans.

Like budgets, these strategic goals have been set in many states across the country - California, Michigan, and Tennessee, to name a few. A university's strategic plan tends to set the institutional agenda regarding such issues as enrollment growth, new program initiatives, and financial matters that must be addressed institutional goals (Birnbaum, 1988; Bolman & Deal, 2017). The University of California is a shared governance system and each of the campuses in the system has its own strategic plan developed by local faculty, staff, students and administration to address research, teaching and public service and financial impacts of these plans (University of California Office of the President, 2023).

Seltzer (2018) raises the concern that disparities in financial stability across UC campuses may make it difficult to implement uniform systemwide strategies. Douglass and Bleemer (2018) similarly share Seltzer's concern when they state that UC Berkeley and UCLA have greater financial stability and generate new income sources due to their quality and reputation. On the other hand, this would not be true for all campuses; for example, UC Merced is a reasonably new campus in the system. UC Merced as a newer campus is in the process of establishing their quality and reputation. They have not had the time for their mission and vision to establish the level of quality and reputation compared to other system campuses, especially UC Berkeley and UCLA. Their strategic plans would need to address these challenges, and their goals must account for alternative revenue sources as the state continues to mandate enrollment growth (Hearn et al., 2006). Increasing enrollment or expanding online programs are goals that would generate new revenue for any university. Many other universities, private or public, have already included strategic plans that address this expansion, plans that impact decision making and organizational structures in universities.

Funding Distribution

In California, the state's continued disinvestment is evident in per-student funding given to the UC system. Cook (2017) found that higher education funding in California declined as a share of the state budget, falling from 18% in 1976–77 to 12% in 2016–17. At the University of California, inflation-adjusted state funding per full-time-equivalent student also dropped substantially, from slightly more than $23,000 in 1976–77 to about $8,000 in 2016–17. This disinvestment is consistent with Douglass and Bleemer (2018) study that speaks to the need to set new goals; the UC and the California State University system have increased their tuition significantly. The Public Policy Institute of California (PPIC) (2017), in their higher education funding report, identifies that tuition increases in the UC and CSU have tripled over the past 20 years. Still, the state financial aid system in the form of Cal Grants has also increased in the hope of offsetting tuition increases. Cook (2017) noted that state financial aid plays a substantial role in college affordability in California, reporting that 55% of UC students and 51% of CSU students pay no tuition. Hearn et al.'s (2006) study on the expansion of revenue sources describes two ways to achieve that goal: increase tuition and/or increase enrollment. These solutions coincide with the findings from PPIC.

Emerging Hybrid Budget Models Respond to New Fiscal Realities

Expanding university revenue sources is complex, requiring universities to expand their funding models. This can be done via various budget models but there is not one model that fits all variables. Instead, several universities have developed hybrid models that pull from different models what is needed for their strategic plans. The purpose of the model is important, meaning that universities will need to determine if their strategic purpose is initiative or performance based, meaning addressing a specific variable or increased activities (Goldstein, 2020). Goldstein (2020) argues that various budgeting purposes can contribute to revenue growth in different ways, though initiative-based models may also demand added funding to advance new priorities or launch new programs. For the UC system, this indicates that a combination of incentive-based and initiative-based budgeting could be necessary to achieve objectives tied to tuition increases, enrollment growth, and the expansion of online programs.

Incentive-Based Budget Model

Soares, Steele, and Wayt (2016) described the new budget process best; business models are evolving in higher education. Soares et al. (2016) note that "university leaders, public policymakers, students and families are eager for new ways to deliver and receive a quality and affordable postsecondary education." Hearn et al. (2006) point out that financial and political conditions have led to universities needing to revise internal management processes. Despite being published two decades ago, Hearn et al.'s (2006) study continues to have relevance in the present higher education context. Hearn's et al. 2006 study present their case study for incentive-based budget systems (IBBS) at large public research universities.

This hybrid model combines the two budget models described earlier in this synthesis: responsibility center management (RCM) and valued centered management (VCM) (Hearn et al., 2006). This hybrid approach confirms universities' commitment to a more decentralized approach to management while also increasing accountability closer to the actual stakeholder level, such as deans. From the perspective of decentralized budgeting, Kosten (2009) similarly suggests that effectiveness depends on how financial responsibility is structured at the dean and unit levels. Incentive-based budget models saw a growing trend in 2006 and continue to evolve as state legislation moves toward more performance funding formulas. More generally, shifts in California's state funding priorities have affected the way public universities adjust their strategic plans and manage internal budgeting frameworks. Ongoing fiscal and political pressures continue to influence planning decisions and funding strategies, including the use of incentive-based budgeting systems (Hearn et al., 2006; Cook, 2017).

Other Hybrid Models

The goal of evolving budget models is to decentralize decision-making from campus central offices to school/college/unit levels without keeping central administration from a partnership with stakeholders (Soares et al., 2016). Northeastern University adopted a responsibility-center model that considers incentive and performance-based goals. Financial transparency to legislatures and university stakeholders continues to be critical with new hybrid models like the one my selected public research university is looking to implement, hybrid system considering activity-based, incremental, and centralized/initiative-based budgeting.

Like many newer and hybrid budgeting approaches, the public research university examined in this study seeks to better align resources with the activities that drive costs, encourage and support entrepreneurial efforts within academic and administrative units, strengthen a central investment fund managed by senior administration, and replace expensive internal recharge programs that can create misaligned incentives across campus units (institutional budget planning document, 2020). This hybrid model combines initiative-based and performance-based strategies while helping offset state disinvestment and increasing accountability at the dean level. At the same time, the university aims to minimize any negative effects that financial management changes may have on the quality of services and education. The continued evolution of this hybrid model would also provide the flexibility needed to respond to enrollment growth, tuition changes, and the expansion of online programs. In addition, this approach addresses Seltzer's (2018) concern regarding the ability of public research universities to adapt to ongoing reductions in state support for higher education.

Conceptual Framework: Structural Authority in Public University Governance

The political economy of budgeting in universities is a process that occurs in complex and decentralized governance structures with pluralistic interests and a highly volatile budget environment. In order to gain an understanding of the exercise of financial authority in such settings, it is necessary to develop a bird's eye view of the interplay between forms of university governance and organization, external pressures and the uncertainty of the budgeting environment in which financial decisions are made. This study uses four analytical frameworks to shed light on the dynamics of financial authority in a university setting: the structural frame (Bolman & Deal 2017), the professional bureaucracy (Mintzberg 1983), resource dependency (Pfeffer & Salancik 1978) and the Cynefin (Snowden & Boone 2007). These help us to identify how, when, what, in which sequence and by whom financial authority is exercised.

Structural Frame

Bolman and Deal (2017) define the structural frame as the view of an organization based on its structure. The structural frame focuses on the formal structure of the organization, formal roles, official lines of authority and formal organization design to manage the activities carried out within the institution and to apportion responsibilities. When we look at a complex organization like the military, we see that everything is based upon structure. Where is the soldier to be and when, how will they carry out their tasks, to whom will they report and when will they need to obtain guidance or approval from a superior.

While the structural frame explains how authority is formally distributed, it tends to treat authority as relatively stable. It does not fully account for how authority shifts dynamically under conditions of financial uncertainty or constraint. This study addresses that gap by examining how authority is activated through timing and sequencing rather than fixed roles alone.

A university's structure decides when budget issues are raised in the context of a strategic discussion and who communicates with whom in this respect. We demonstrate that a university's structure not only determines the lines of authority and when they are exercised, but also the manner in which the university's departments are linked within the bureaucracy.

The theories of organizational behavior suggest that power in an organization is determined by who is involved in conversations and when. When we view this theory through the structural lens as described by Bolman and Deal (2017) we can see how organizational roles, lines of authority and lines of communication can all play a role in who is able to frame the problems, alternatives and issues that are included in the strategic conversation. Take the example of a university, which is a highly complex organization. A leader who gets into a discussion at the start of a conversation is likely to have far more opportunity to frame the discussion of key issues than a leader who joins the conversation later in the discussion and is therefore only able to discuss the pros and cons of the options that have already been identified and the consequences of the decisions that have already been made. This is an important consideration in the process of financial governance as finance leaders often find that their input into financial discussions is limited to the consequences of decisions that have already been made and not to the framing of the issues themselves.

Professional Bureaucracy

According to Mintzberg (1983), in this work he continues his theory of professional bureaucracy and concentrates on the exercise of authority in the university. The theory is that in a professional bureaucracy authority is spread among different types of experts, instead of being held by the management. In a university, which is an example of a professional bureaucracy, a great deal of authority is given to professionals. In this particular case, we are talking about faculty and academic administrators. As we mentioned before, in a university, a great deal of administrative control is given through a multiplex governance system.

Although Mintzberg's concept of professional bureaucracy explains decentralized authority in universities, it assumes relatively stable conditions of coordination. It does not fully explain how authority compresses or recentralizes under fiscal pressure. This study extends this framework by demonstrating how authority shifts based on timing and exposure rather than remaining consistently distributed.

There is an intermediate level of authority within the financial system. Department heads have considerable authority to make program decisions, but administrative staff retains the final authority on financial matters, which includes fiscal decisions considered to be in the best interest of the institution. There are a number of opportunities for financial expertise to be brought to bear and thus a number of times and places where financial planners or other financial experts could influence the decisions made by others. The timing of when this expertise is introduced into the decision-making process is crucial to the number of options which are deemed feasible.

Organizational Networks

Academic scholars emphasize network-based decision-making as an essential element in higher education governance beyond traditional formal structures. The concept of universities as "loosely coupled systems" developed by Weick (1976) demonstrates how informal coalitions together with formal authority structures produce outcomes. According to Kezar and Eckel (2004) networks establish governance spaces through which trust-based dialogue leads institutions to develop their responses. Universities use internal networks (deans' councils, cross-unit budget committees) and external networks (systemwide CFO councils, accreditation groups, professional associations) to distribute knowledge and coordinate strategies during financial challenges. The research shows that networks function as organizational links which unite decentralized innovation with centralized directives through mechanisms that transcend official organizational structures.

Resource Dependency Theory

Resource dependency theory is one of the theories used to explain how universities change their internal structure to meet the needs of the funding environment. According to Pfeffer and Salancik (1978) organizations all adjust their internal structure to meet their resource dependencies. State appropriations, tuition revenue, research funding, and philanthropic funding are all types of resource dependencies that can influence very different goals and governance structures in public universities. Resource dependency theory explains how external financial pressures shape organizational behavior, but it does not fully address how authority is structured internally within institutions. This study builds on this theory by showing how governance configurations mediate the way resource constraints influence decision-making authority.

Most public higher education systems have been undergoing a time of great change in recent years. These systems have been negatively affected by the decrease in state funding while being encouraged to find new sources of revenue. University administrators face a plethora of challenges while attempting to simultaneously increase student enrollment, bolster research, and lower costs. An institution may become more financially vulnerable and consequently more centralized to mitigate some of the risks that the organization is exposed to. Resource dependency theory is a macro approach that explains that power over the budget is delegated to different levels within a bureaucracy to alleviate some of the negative effects of a fiscal crisis.

Decision Context and the Cynefin Framework

Structural theories are concerned with the constitution of organizations. The Cynefin framework (Snowden & Boone, 2007) is concerned with how leaders and organizations behave in different contexts. The Cynefin framework, which is a Welsh-English word meaning "place" or "environment", distinguishes between ordered, complex, chaotic and simple environments and so requires a different leadership and decision-making behavior in each context.

Routine decisions are made during periods of normal financial conditions within the bounded rationality of stable university structures characterized by known rules and scripts. These structures can provide a framework for efficient, decentralized and collective forms of governance. However, in the case of financial crises, budget crises following a recession, cuts in public funding and institutional deficits decisions have to be made under high pressure and within a very short time frame. In the attempt to assert authority and to reduce uncertainty and risk, authority can collapse or concentrate in a vertical manner in a process of reflexive current environment.

This study also uses the Cynefin framework to analyze the institutional dynamics of financial sector governance. It explains how institutions react to different types of changes in the financial system, and how power is re-distributed in times of turmoil and uncertainty.

Integrating the Framework

The four theories mentioned above provide a framework that depicts the institutional position of financial authority in public research universities as structure and context contingent. Structural frame deals with the limitations imposed on actor participation in organizational decisions by the formal structure of the organization (Bolman & Deal, 2017). The formal structure of the academic and administrative organizations of a public research university is further explained through Mintzberg's concept of professional bureaucracy, which describes how authority is distributed across specialized roles within complex organizations (Mintzberg, 1983). The resource dependency theory deals with how external pressures such as the financial constraints or changes in the funding environment on the organization is translated into the formal structure of the organization and how power is distributed in the organization as a result of this (Pfeffer & Salancik, 1978). The Cynefin framework on the other hand deals with the contextual factors which affect the organizational decisions that are made and consequently the power and authority structure of the organization (Snowden & Boone, 2007).

Together, these frameworks provide a way to understand how financial decision-making occurs within public research universities. Bolman and Deal's (2017) structural frame explains how organizational structures, reporting relationships, and formal roles influence participation in decision-making. These approaches include the professional bureaucracy model that explains the distribution of power between academics and administrative staff in large organizations, the work on resource dependency between Pfeffer & Salancik (1978) which outlines the ways in which organizations deal with issues external to themselves in order to sustain themselves, such as finance, through various means of dependency. The Cynefin framework (Snowden & Boone, 2007) outlines the various contexts within which organizations make decisions and how these can change between times of stability, uncertainty, and crisis. Together, these frameworks suggest that financial decision-making is influenced by organizational structure, resource conditions, governance arrangements, and the broader environment in which decisions occur. These perspectives provide the foundation for examining governance sequencing, autonomy elasticity, authority compression, uneven capacity, and governance configuration in this study.

When you combine the perspectives, it becomes unclear whether who is responsible for finance at a university is based on role or job function. Rather, the extent to which one person has responsibility appears to be based on a complex interplay of the formal and informal governance structure, the lines of reporting, the structure of the budget and the broader institutional context. A financial leader may be in a better position to influence a university's board of governance when they are brought into the discussions early in the process, but they may simply be there to carry out the directions of the Board or the President.

This chapter introduces an integrated framework that explains the determinants of choices in respect of delegation and timing of financial authority decisions. This framework is used to analyze the data dealt with in the preceding chapters. It relates the determinants of organizational structure, financial dependency and decision context with the decisions regarding the three dimensions of financial authority, that is, the sequence in which financial authority is delegated and exercised, the manner in which financial authority is distributed among various stakeholders and the degree of discretion enjoyed by various stakeholders in respect of financial authority decisions.

The Place of this Study

The problem of state disinvestment in higher education, in the face of growing enrollment demand, has led to new strategic plans and budget models. Yet existing literature has largely examined these developments at the policy or structural level, rather than investigating how authority operates within them. We know comparatively little about how reporting configuration, incentive structures, and escalation thresholds shape financial decision-making across administrative and academic roles. This study addresses that gap by examining how governance design mediates participation, autonomy, and authority under fiscal constraint.

This study also applies a range of power theories to an analysis of power relations within the context of complex organizations. At the structural level, Bolman and Deal (2017) suggest that formal authority (reporting lines) and structures can influence levels of involvement in budgeting and other financial activities. The resource dependency theory, as introduced by Pfeffer and Salancik (1978), is particularly relevant in this context, given the external pressures that they suggest will impact on the power relations within university governance and the processes of determining university resource allocation decisions. Finally, an application of the Cynefin (Snowden & Boone, 2007) decision-making framework is used to help explain the way leaders act within this complex and dynamic environment within public research universities. This study sought to deepen the understanding of power relations that exist within this context.

CHAPTER THREE

METHODS

This study investigated key university financial leaders perceived understanding of funding decisions on organizational structures within one public research university. It sought to identify the financial challenges these leaders faced within the different structures in a university (academic, administration, research, and other stakeholders). In addition, it sought to better understand how leaders see the different internal structures to meet to achieve academic and operational goals. Specifically, it focused on the perceived financial impact and decision-making process of these segments and rolled out by the university due to external stresses like state government or economic changes.

The study looked at key funding challenges and decision-making. The university's funding portfolios come from various streams, including tuition and fees, government subsidies, research grants, endowments, and philanthropic donations; due to reduced state funding for state universities, these institutions need diversified revenue portfolios. We do not know how these decisions are perceived within the various segments of the university when implemented, but this study sought to better understand these perceptions.

There were two research objectives in this study; 1) to explore the perceived impacts of financial decisions on core segments of public universities; research, academic, administrative, and other stakeholders 2) to identify a possible relationship between financial health and changes in organizational hierarchy and governance. By examining perceptions of how financial considerations interact with hierarchies, academic departments, and administrative processes, this research sought to provide an understanding of how these elements influence institutional effectiveness. The study assessed how academic and administrative leaders interpret structural constraints, reporting relationships, and fiscal pressures when responding to financial challenges.

Research Questions and Study Overview

The following research questions guided this study:

1. How do organizational structures, relationships, and power/politics inform financial decision-making among administrative and academic leaders within a large public research university?
2. To what extent do academic and administrative leaders perceive sufficient flexibility/autonomy/authority in responding to financial crises/budget cuts/overall directives to diversify revenue streams in ways that support the mission and vision of the unit/school?

This study employed a qualitative case study approach to explore perceptions of organizational structures at a major public research university. I used semi-structured interviews and document reviews with key stakeholders, drawing on a methodology that is particularly suited for investigating phenomena within their real-life context. According to Creswell and Creswell (2023), effective qualitative research should feature participant perspectives, occur in natural settings, involve the researcher as a primary instrument, and utilize multiple data sources. This approach aligns with my objectives, as it enables an in-depth exploration of current phenomena directly influenced by financial decisions at the university.

Data collection included interviews with selected personnel and a review of pertinent documents such as organizational charts and the university's financial records. These materials helped identify perceived challenges and impacts of major financial decisions made by university leadership, illustrating how these decisions are communicated and implemented. They offered insights from various stakeholders into the interplay between financial health and organizational structure at each level of implementation.

Research Design

Site and Population

Site Selection

This study focused on a prominent public research university located in an urban area of California. As a research university, it holds a designation reserved for institutions with the highest levels of research activity, indicating a substantial commitment to research alongside its educational offerings. This focus was relevant given the ongoing financial strains that public universities encounter, including fluctuating state funding, increasing operational costs, and the pressure to maintain competitive academic and research programs. The selection criteria strengthened the challenges of balancing resource allocation with the expectations and needs of its stakeholders.

Population/Sample Selection Criteria

To achieve a diverse sample perspective, I conducted semi-structured interviews with mid-level leaders across two distinct roles within the university: academic school and financial leaders within those schools. The strategy behind this choice is multifaceted and deliberate. By focusing on these roles, the selection captures a comprehensive spectrum of both academic and financial responsibilities.

Within each segment, participants included individuals in leadership and financial oversight positions, such as deans and financial officers in distinct academic units. This pairing is strategic, as it allows the study to capture both the strategic decision-making of academic heads and the financial management perspectives of those responsible for aligning budgets with unit priorities.

The rationale for interviewing both academic heads and financial officers was grounded in the need to understand the interplay between strategic priorities and fiscal realities. Academic leaders, such as deans, typically oversee academic programs, research outcomes, and staffing. In contrast, financial managers and officers are charged with budget oversight, financial planning, and ensuring resources are allocated in ways that balance unit needs with university-wide objectives. Together, their perspectives illuminated how governance structures, financial authority, and institutional constraints shape decision-making in practice.

Interview invitations were sent to 15 participants and six participants were accepted. Those that participated brought a balanced representation of views and experiences regarding the impacts of financial decisions. This approach allowed for a nuanced understanding of how such decisions are made, communicated, and implemented across different layers of the institution. For example, a dean may discuss the challenges and opportunities of aligning academic programs with budget constraints, while a financial director might provide insight into the logistical aspects of funding and resource allocation. This selection gathered diverse perspectives on financial strategies influencing operational dynamics and strategic planning. These interviews provided insight into how different areas navigated financial decision-making and their implications for institutional goals.

Access and Recruitment

As a Financial Officer based in California, I have extensive experience at a large public research university in California. Over the last decade, I have established and maintained collaborative relationships with key leaders across the academic, administrative, and financial sectors of the university. Participants were recruited through professional networks and formal email invitations. My network within these segments provided the initial pool of potential interview participants. A series of semi-structured Zoom interviews were carried out with senior academics and financial leaders from a variety of faculties and departments across the university. The intention was to interview participants from a wide range of university functions and units in order to gain an in-depth and qualitative understanding of the processes of financial decision-making within the organization.

The main recruitment obstacle was obtaining interviews with academic deans and associate deans because their availability is very limited. Their participation was essential because they need to translate and execute financial choices which align with their unit's mission. The recruitment process targeted financial officers who work at both school and departmental levels because they oversee daily budget operations and understand resource limitations. Professional networks and formal email invitations were used to obtain access.

Data Collection

My primary method of data collection featured semi-structured interviews. These interviews engaged deans, associate deans, and financial officers who represent both the academic and financial segments of the university. I interviewed academic deans, associate deans, and financial officers at the school and departmental levels, as they are directly involved in implementing financial decisions and navigating budget constraints. These leaders occupy a critical position: they translate university-wide directives into unit-level practices, balance limited autonomy with central oversight, and manage inequities across departments. Their perspectives provided insight into how governance structures, financial authority, and crisis conditions shape decision-making in a turbulent funding environment.

Interviews were conducted via 45-to-60-minute zoom meetings to allow for greater flexibility in schedules. Zoom interviews were recorded, transcribed, and uploaded to the secure cloud storage compliant with university data policies as a backup. A set of questions were developed to be used in all interviews, but the semi-structured interview structure allowed flexibility and space for follow-up questions to expand on responses. Interview protocol can be found in the Appendix.

Data Analysis

In addition to inductive thematic analysis, deductive codes were derived from the conceptual framework developed in Chapters 1 and 2. These included governance configuration (e.g., centralized, layered, partnership-oriented), escalation thresholds, authority activation, and perceived autonomy under fiscal constraint. Attention was given to identifying differences in how these constructs manifested across structural positions and reporting configurations. This approach ensured that findings regarding timing, authority compression, and relational mediation were analytically grounded rather than purely descriptive.

The analytical strategy examined perspectives and narratives to understand the interplay between financial decisions and organizational dynamics. The analysis employed techniques such as coding, thematic analysis, and narrative analysis to thoroughly interpret the data. Interview responses were used to analyze the perceptions of the different parts of the university and attempt to find similarities or differences. Coding was the initial step, organizing data to reveal patterns or themes by marking segments of the interviews and documents that reflect specific ideas or concepts. I applied thematic analysis to identify and report these patterns, enhancing our understanding of the underlying themes within the data. Additionally, narrative analysis was applied to examine how selected stakeholders perceive and articulate their experiences with organizational structures and financial decisions (Creswell & Creswell, 2023).

Credibility and Worthiness

As a financial leader within a public research university, I bring professional familiarity with governance structures and budget processes that informed me of institutional context. In qualitative research, the researcher serves as the primary instrument of analysis; therefore, reflexivity was central to this study. I conducted interviews and maintained analytic memos throughout data collection and coding, bracketed personal assumptions during interviews, and engaged in systematic member checking to verify transcript accuracy. These practices strengthened transparency while ensuring that interpretation remained grounded in participant meaning rather than professional perspective. These strategies align with established standards for qualitative trustworthiness (Lincoln & Guba, 1985).

Additionally, implementing member checks to verify the accuracy of the collected data further enhanced credibility. This strategy not only reinforced my dual role as both a seasoned financial officer and a graduate researcher at UCLA but also strengthens the overall credibility of the research. By ensuring unbiased and accurate data collection, this approach added significant credibility to the insights on how public universities operate, which is crucial for the depth and relevance of the discussions.

Finally, each interview was systematically recorded, transcribed, and securely stored both in the cloud and on a hard drive. After transcription, I analyzed the data using established qualitative interview protocols, which allowed me to categorize and incorporate direct quotes systematically. To ensure the accuracy and overall credibility of the data, responses were reviewed for accuracy by the interviewees.

Ethical Issues

My role as a financial officer at a public university introduced potential ethical considerations, particularly concerning my access to non-public information. To address these concerns, I clearly separated my responsibilities as a university employee from my role as a researcher when interacting with participants. Participation in the study was entirely voluntary, and individuals were informed that their decision to participate or decline would have no impact on their roles or relationships within the institution. All identifying information was anonymized, further safeguarding their privacy. After the study, participants received a copy of the aggregated results for transparency and were informed that all individual transcripts were securely erased to maintain confidentiality.

To further protect participant confidentiality, each interviewee was assigned an alphanumeric identifier (e.g., FL1 for financial leader, AL1 for academic leader). Unit affiliations were described using generalized structural descriptors rather than formal names. Revenue composition and reporting configurations were categorized analytically to prevent institutional identification. This masking strategy ensured that structural context could be analyzed without revealing individual or unit identities.

Limitations

I recognize that this study has inherent limitations that need to be considered, in addition to the ethical issues previously discussed. These limitations include challenges in generalizability, participant willingness and availability, and the potential for interpretation bias and subjectivity in qualitative data. The research was conducted at a single public research university in California, which may not have reflected the financial landscapes or institutional structures of other universities, thus limiting the generalizability of the findings. High-level administrators such as deans and financial directors, whose insights are crucial, were difficult to engage due to their demanding schedules, potentially impacting data collection. Moreover, the qualitative data collected primarily through interviews may have introduced subjectivity, as participants' responses could be influenced by personal experiences, biases, or the presence of the interviewer. Although I conducted the interviews, participants were aware of my institutional role, which may have influenced responses despite reflexive safeguards. This role was particularly significant given my dual role as a financial officer at the university, which could have affected the interpretation of the data despite my best efforts to remain objective and neutral.

CHAPTER FOUR

FINDINGS

This chapter presents findings from semi-structured interviews with financial and academic leaders across multiple academic units within a major public research university. This chapter examines how unit-level governance, reporting relationships, fiscal structures, leadership continuity, and institutional pressures affect decision-making authority for financial matters. The participants represented different academic units and roles, but the analytic focus is on structure, not individual experience. This chapter identifies repeating mechanisms for the distribution, ordering, escalation, and compression of authority across the often-fragmented governance structures of decentralized organizations.

Across all interviews, however, authority proved to be multiply mediated, rather than individually possessed. Leaders described how financial competence entered the discussion of strategy at different points, depending on proximity to reporting relationships, funding models, escalation thresholds, and the risk posture of the organization. Authority was not static. It expanded slightly in periods of stability, it contracted in times of fiscal pressure, and it compressed vertically in times of crisis. Authority emerged as neither static nor purely role based. Instead, authority was described as:

- Sequenced through reporting configuration
- Bounded through escalation thresholds and fiscal elasticity
- Vertically reallocated under central oversight
- Unevenly distributed through decentralized revenue architecture
- Compressed and reframed under crisis conditions

What is especially noteworthy, however, is that decision-making authority cannot be understood solely in terms of formal job descriptions and organizational charts. It can be traced to the lived structure of the organization: the flow of information, the framing of trade-offs, the points at which financial competence enters the discussion, and the structure of escalation pathways. Timing itself proved to be a form of power. When financial leaders entered the discussion early, strategies were co-built. When they entered later, their role was to smooth out and implement what had already been decided.

Participant Description

Before presenting findings, Table 4.1 introduces participants using Level 2 masking to preserve confidentiality while clarifying structural context.

Table 4.1

Participant Overview and Structural Context

Participant Code	Role Category	Unit Structural Descriptor	Revenue Composition Profile	Reporting Configuration Model	Years in Role
FL1	Financial Leader	Production-based academic unit	Mixed state + production revenue	Layered mediation (associate-level filter)	5–10 years
FL2	Financial Leader	Professional policy unit	Diversified (state, self-supporting, gift)	Direct strategic partnership	5–10 years
FL3	Financial Leader	Production-intensive academic unit	Enrollment-dependent revenue	Advisory intermediation (via CAO)	5–10 years
AL1	Academic Leader	Research-intensive science unit	High external research + state	Direct collaboration with finance	3–7 years
AL2	Academic Leader	Self-supporting management-oriented unit	Predominantly self-supporting	High autonomy within campus mandates	5–10 years
AL3	Academic Leader	Health Services	Diversified with heavy research	Triadic coordination	5-10 years

Note: Unit structural descriptors and revenue composition categories are generalized to prevent institutional identification. Reporting configuration models reflect structural governance characteristics rather than formal titles

Table 4.1 summarizes participant roles, unit characteristics, revenue composition, and reporting configuration represented in this study. As has already been described in Chapter 3, the participants in this study included financial leaders (FLs) and academic leaders (ALs) representing multiple academic departments with various mixes of types of revenue such as mixed, enrollment-dependent, or self-supporting and also different levels of mediation or layers of administrative mediation. Most of our financial leaders were based in departments with mixed or with mostly enrollment-dependent types of revenue. Hence, they reported to an associate department head. The academic leaders in our study were based in more self-supporting departments and hence had more autonomy with respect to issues relating to academics and to resource allocation decisions. Other structural contexts in which participants had to act in the practice of their profession included mediation or reporting to an associate department head as well as a more collaborative structure of mediation between the academic department head and the university's financial staff.

Findings

Unit-Level Structures Shape the Ability of Financial Leaders to Engage Strategically

Finding 1 establishes that authority within academic units is structurally sequenced rather than simply hierarchical. Participants described governance not as a static reporting chart but as a patterned rhythm of interaction that determines when and how financial expertise enters strategic deliberation. Unit-level structure regulates agenda-setting power, interpretive influence, and the temporal positioning of fiscal analysis relative to academic vision. Whether financial leaders shape priorities at inception or evaluate them after articulation depends on governance configuration.

Across participants, three recurring configurations emerged: layered mediation, advisory intermediation, and direct strategic partnership. These configurations serve administrative purposes, yet their structural consequence lies in how they regulate timing and interpretive authority. In units characterized by layered mediation, fiscal expertise is positioned downstream from academic framing. FL1 described how this structure reshapes participation in strategy formation:

> The process resembles a game of telephone. Messages and instructions need to travel through multiple individuals before reaching me or the Dean. By the time decisions are finalized, some of the intent behind them has changed. I'm often interpreting a decision that has already been shaped before I've had a chance to weigh in on the feasibility or long-term implications.

This sequencing effect shifts financial leaders from early agenda-setting participation to a more constrained role focused primarily on assessing financial feasibility. FL2 reinforced the importance of timing, emphasizing that influence depends on interpretive entry:

> If I'm brought in early, we can model scenarios and shape expectations. If I'm brought in after the direction is already announced, my role becomes figuring out how to make it work.

This observation is a commentary on when financial information is brought into play in the discussion process. If financial information is brought in early in the discussion process, scenario-building, costing etc. will be performed by the financial manager, who in this case has a large span of control and is therefore a central figure in the discussion concerning strategic options. If financial information is brought into play late in the discussion process, the role of the financial manager will be limited to implementation of the decision made, and possibly to verification that the decisions are feasible.

Academic leaders similarly recognized this structural sequencing. AL1 observed that integration of financial leadership into strategic conversations changes the nature of inquiry itself, saying, “When finance is part of the conversation from the beginning, the questions are different. We’re thinking about sustainability as we’re thinking about vision. When it comes later, it’s more about adjustment.”

Embedding finance at the outset of planning shifts decision-making from reactive budget compliance to proactive agenda setting, which gives both academic and financial leaders more influence over which initiatives get framed as viable, sustainable priorities.

Advisory intermediation configurations occupy a middle ground. In this structure, financial leaders participate in decision-making through advisory channels, often through associate deans, CAOs, or committees, rather than engaging directly in the earliest stages of strategic agenda formation. Financial leaders are consistently consulted but do not fully co-author strategic direction. FL3 described this position as influential yet bounded, noting, “I’m regularly consulted, but I’m not necessarily shaping the initial direction. I help assess what’s realistic once the direction is clearer.” This description illustrates how advisory intermediation structures position financial leaders as evaluators of feasibility rather than architects of strategic direction. Their expertise enters the process after initial priorities have already been established, reinforcing a role focused on refining proposals and assessing implementation constraints rather than shaping the agenda itself.

Direct strategic partnership represents the most integrated configuration identified in this study. Financial and academic leaders participate jointly in early strategic deliberation, allowing financial expertise to shape priorities at the beginning of planning rather than the end when strategic directions have already been made. In these units, fiscal and academic leadership operate in tandem during early deliberation. AL2 emphasized the collaborative nature of this structure by explaining, “We brainstorm together. Financial considerations aren’t separate from strategy—they’re part of how we think through what’s possible.”. This overview shows how the role of financial knowledge and skill in the decision-making process changes when financial expertise is brought into the decision-making process at an early stage. From being mainly financial feasibility experts, financial decision makers can become full partners in the decision-making process. Financial leaders are no longer simply the people who determine, after the strategic goals of an organization have been decided, whether a project can be financed. Rather, they are involved in determining whether a project is even considered a financially viable option. The close collaboration between academic and fiscal leaders in this unit positions financial analysis as a co-equal driver of the unit’s strategy, which can increase the range of initiatives that can be defined as feasible from the outset. While it may feel less efficient at the outset, this close strategic partnership leads to more informed decision-making throughout the process.

A contrasting academic perspective highlighted how absence of early integration can produce downstream tension. AL2 further reflected on instances when fiscal analysis followed public articulation, saying, “Once something has been communicated broadly, it’s harder to recalibrate. Even if finance raises concerns, the expectations are already set.” This contrast underscores the structural consequences of sequencing. When financial counsel enters after commitments are publicly articulated, its role shifts from generative to corrective. The sequencing of authority therefore shapes not only influence, but the durability of strategic commitments.

Importantly, participants did not frame these configurations as inherently superior or inferior. Each served functional needs within its institutional context. However, the structural implications were clear: governance design determines whether financial leaders operate as interpreters of established priorities or as co-authors of strategy. Unit-level structure thus shapes the ability of financial leaders to engage strategically by regulating timing, interpretive authority, and agenda control.

Finding 1 establishes the foundational mechanism underlying subsequent findings. Authority is shaped by where financial leadership sits within the governance structure. When financial leaders are positioned early in the decision-making process, they help shape strategic directions. When they are positioned later, their role shifts to assessing feasibility after decisions have already been formed. This sequencing affects who holds interpretive authority and how much influence financial leaders have over strategy within academic units.

Financial Autonomy Contracts and Expands Within Institutional Boundaries

Where the prior finding established that authority is structurally sequenced, Finding 2 advances the argument that authority is also structurally bounded. Participants did not describe financial autonomy as a static delegation of power but instead as a conditional and elastic form of discretion shaped by escalation thresholds, fiscal architecture, and institutional mandate. Leaders described having greater latitude over routine or lower-risk financial decisions within their units, such as reallocating existing resources. However, as decisions carried greater financial implications, longer-term commitments, or cross-unit impact, that discretion narrowed. In these instances, formal approval processes, budget thresholds, and reporting lines required escalation, limiting individual authority. Authority, in this sense, did not reside permanently within a role but varied in patterned ways depending on the scale and risk of the decision being made.

Leaders distinguished between operational authority and strategic discretion. Operational authority referred to day-to-day management within approved plans, while strategic discretion involved multi-year commitments, structural changes, or large-scale allocations. The boundary between these domains was neither fixed nor universal. Instead, it contracted under uncertainty and expanded during stability, reflecting what participants described as titrated autonomy.

Escalation thresholds emerged as a central mechanism governing this elasticity. FL2 described how exposure levels redefine the point at which decisions move upward for review:

> Operationally, I can manage day-to-day issues. That's expected. But when it comes to larger allocation decisions or commitments that extend beyond a fiscal year, that discretion narrows. There's more involvement at higher levels than there used to be, especially during uncertainty. The threshold for review has lowered.

The lowering of review thresholds illustrates that autonomy is not withdrawn but becomes more constrained as oversight increases. As commitments grow in magnitude or duration, additional layers of review are introduced, requiring leaders to seek approval earlier in the decision-making process. Practical autonomy of unit leaders is reduced, limiting the ability to act independently in these circumstances. FL1 reinforced this risk-sensitive layering of authority, saying, "Even if technically the funds are within our control, decisions now often require additional confirmation. It's not that we lack authority, but the process feels more layered. The size of the decision changes who needs to be involved." Authority therefore functions within risk-defined boundaries. The magnitude and duration of commitments determine the level of alignment

required. During stable periods, thresholds sit higher, permitting broader local discretion. During volatility, those thresholds lower, shifting decisions upward earlier in the process.
Participants further distinguished between formal authority and functional autonomy. Formal authority reflects delegated decision rights; functional autonomy reflects practical flexibility within fiscal composition. Formal authority refers to the decisions leaders are officially allowed to make based on their role and delegated responsibilities. Functional autonomy refers to the extent to which leaders can act on those decisions given the constraints of their unit's budget. FL3 articulated this constraint embedded in cost structure by explaining, "We may technically have discretion over our funds, but when most of your budget is tied up in salaries and long-term commitments, there isn't much elasticity. Even small reductions require difficult trade-offs. Authority exists, but flexibility doesn't." FL3's description highlights how units' cost structures shape their autonomy. Within these contexts, leaders may retain formal decision-making authority, but high fixed costs, particularly salaries and fringe benefits, severely constrain their ability to make changes. By contrast, units with more diversified revenue streams and fewer fixed obligations have a greater range of options in adjusting their budgets.

FL2 further reinforced this point in their description of how multiple funding streams enable phased adjustment, saying, "Because we have multiple revenue streams, we can pace adjustments differently. We might delay a hire, shift discretionary allocations, or recalibrate projections before making structural cuts. That flexibility matters." Revenue diversification operates as structural buffering. Units with mixed funding portfolios described greater capacity to spread adjustments over time, delaying hires, shifting discretionary spending or recalibrating projects instead of making immediate cuts. Autonomy, therefore, is not solely a governance construct; it is materially embedded in fiscal architecture.

Overlapping institutional directives further constrained leaders' discretion in decision-making within units. Leaders described tension when they were expected to reduce costs while maintaining or expanding performance expectations, creating uncertainty about how much flexibility they actually had. AL1 reflected on this interpretive contraction:

> When we're told to reduce expenditure but also to increase compensation or maintain service levels, it creates tension. We understand the rationale, but it feels like mixed signals about autonomy. Are we being trusted to make trade-offs, or are those trade-offs already determined?

Overlapping institutional directives narrow leaders' ability to exercise judgment, even when formal decision-making authority remains intact. Increased documentation requirements, earlier review checkpoints, and more extensive justification processes limit how independently leaders can act. These conditions reinforce that autonomy is not only shaped by formal authority, but also by the processes and expectations that govern how decisions are made.

Participants consistently framed autonomy as a gradient rather than a binary state. FL2 explained this graduated structure by noting that "there's a clear gradient. Small reallocations within an approved budget are ours. Hiring decisions or commitments that extend beyond the fiscal cycle require broader alignment. The magnitude and duration determine the level of review." In practice, this means leaders have greater discretion over smaller, lower-risk decisions, while larger or longer-term commitments require additional approval and involvement from higher levels. During periods of uncertainty, this range of discretion narrows further. FL3 described this shift under unstable conditions:

"Even before official reductions, we start planning conservatively. The appetite for risk shrinks. You're less willing to commit to long-term obligations because the environment feels unstable."

This suggests leaders adjust their behavior in anticipation of potential constraints. Rather than waiting for formal restrictions, they begin to limit commitments, delay decisions, and avoid long-term obligations when conditions feel uncertain. As a result, autonomy is reduced not only through formal oversight but also through more cautious decision-making during periods of instability.

Finding 2 therefore establishes autonomy as dynamically modulated rather than categorically granted. Escalation thresholds, cost rigidity, revenue diversification, and mandate layering collectively shape the elasticity of discretion. Financial autonomy in public university governance operates as bounded, exposure-responsive authority embedded within fiscal structure.

Central Administrative Dynamics Shape Communication and Authority

Building on the prior finding that autonomy operates as elastic discretion within institutional boundaries, Finding 3 advances a more structural interpretation of how authority is reorganized under institutional strain. Participants described central administrative dynamics not as occasional interventions, but as ongoing processes that change how decisions are made and who is involved. Rather than eliminating unit-level agency, these dynamics shift decision-making upward, requiring earlier review and greater involvement from central administration as financial pressure increases. Authority, in this context, is redistributed through faster decision timelines, additional approval steps, and clearer constraints on what units can decide independently. In this sense, centralization operates less as hierarchical override and more as a risk-governance response. AL3 described stronger collaboration within the unit’s internal leadership network, particularly through coordination with the Associate Dean and CFO, which provided more immediate access to resources and decision-making compared to interactions with central campus. At the same time, this internal coordination contrasted with a greater sense of distance from central administration, particularly in how decisions and resources were communicated.

Authority compression emerged as a patterned redistribution of strategic rationale upward while maintaining operational accountability locally. FL3 articulated this shift as a transition from collaborative framing to bounded implementation:

> At a certain point, we have to roll with the punches. Central decisions come down, and even if we might have approached them differently, our responsibility becomes adapting within the parameters we've been given. There isn't always space to renegotiate the structure. The expectation is implementation.

In this framing, authority is not rescinded; it is repositioned. Strategic justification consolidates at the center while execution remains distributed. FL1 further illustrated how defined targets anchor interpretive boundaries, saying, "We are often told the target and timeline, and then it becomes our job to determine how to meet it. The broader rationale might be explained, but the flexibility about how we get there feels smaller. The direction is defined first, and we work within it." Here, decision-making flexibility narrows as central administration sets clearer targets, timelines, and constraints, limiting the range of options units can pursue, without fully removing tactical discretion. Authority is redistributed rather than revoked, producing what may be understood as bounded autonomy under risk conditions. In other words, units still have discretion, but the central administration has defined many of the parameters regarding the outcome possibilities.

Shortened timelines and faster decision cycles further mediate authority. Participants consistently linked volatility to accelerated decision cadence. FL2 observed that shortened timelines alter the depth of pre-implementation deliberation, explaining that "sometimes policies are implemented before operational realities are fully understood. We adapt, but there isn't always a feedback loop before the decision is finalized. The timeline can be tight, and that changes how much back-and-forth happens". AL1 similarly distinguished between stable and unstable periods, emphasizing cadence as a structural signal of authority shift: "In stable periods, there's more room for conversation. During uncertainty, decisions move more quickly. The priority shifts to stability and solvency, and that affects how much iteration is possible." When decisions must be made quickly, authority shifts to higher levels of the organization, reducing opportunities for iterative discussion and collaboration. As a result, decision-making becomes more top-down, with less input from units during the process.

In addition to having less time to make decisions, leaders described increased documentation and review requirements as part of the decision-making process. FL2 described expanded documentation and review expectations: "There's more documentation required now. Even decisions that used to be routine require additional context and approval. It's understandable given the environment, but it does change the feel of autonomy." Procedural layering functions as an accountability mechanism under exposure, introducing earlier escalation checkpoints and heightened justification standards. AL3 also pointed to recent research terminations as a source of financial strain, reducing available resources and constraining decision-making. In response, the unit pursued the development of a new academic major to generate additional revenue, illustrating how units adapt to fiscal disruption by seeking new funding streams to restore flexibility.

Even when decisions are made centrally, the work of implementing those decisions remains with unit leaders. FL3 emphasized the persistence of implementation burden: "Even when decisions are made centrally, the operational complexity doesn't disappear. We're still the ones aligning budgets, communicating changes, managing the impact on staff. Authority may shift upward, but the work stays here." This creates an imbalance in which authority is centralized, but responsibility for execution remains at the unit level. Leaders described not only increased workload, but also the challenge of managing staff reactions, explaining decisions they did not fully shape, and navigating the interpersonal impacts of those changes. In this sense, while strategic decisions may be made centrally under conditions of financial risk, the day-to-day work of implementation remains distributed. Centralization, therefore, should be understood as conditional and exposure-responsive rather than absolute. Finding 3 demonstrates that authority in public university governance is dynamically reorganized through structural mechanisms that balance distributed expertise with centralized accountability.

Decentralization Produces Uneven Capacity Across Units

If finding three demonstrates that authority compresses vertically, finding four reveals that decentralization distributes the effects of compression unevenly. Institutional mandates may be uniform, but structural capacity to absorb them is not. Across cases, leaders described variation in buffering capacity, response pacing, and vulnerability tied to revenue composition and cost rigidity.

Participants consistently described decentralization as a defining feature of university governance. Decision-making authorities are distributed across schools and divisions, with deans and their financial leaders responsible for managing budgets within broad institutional parameters. However, decentralization did not produce uniform strategic capacity. Structural variation in revenue composition, financial leadership integration, administrative infrastructure, and reporting alignment created uneven ability across units to respond to fiscal volatility.

Academic leaders emphasized that not all schools operate under the same financial model, as A2 explained, “We have a self-supporting model. We keep the revenues that we generate. We’re responsible for all our costs.” This structure created a distinct level of fiscal accountability and planning autonomy compared to state-supported units. In such models, financial consequences are internalized. Hiring, compensation, and program investments are directly tied to locally generated revenue. By contrast, leaders in state-supported environments described greater dependence on central allocation and more exposure to policy shifts affecting fund flows.

As another academic leader, AL1 noted, “There have been… multiple different CFOs as well… when the EVCP CFO developed a new model for how funding flows to units, it has a pretty dramatic effect.” Funding architecture shaped not only resource levels but planning stability. Units structured around predictable revenue streams described greater continuity in strategy. Units reliant on variable or externally regulated funding described more reactive planning environments.

Financial leaders reinforced these disparities from an operational perspective. In some schools, the finance leader functions as a strategic partner embedded in decision-making. In others, the role is more advisory or administratively mediated. AL1 described their financial counterpart as “the most important person in my job… we brainstorm… [FL1] is a thought partner.” Such integration increases analytical depth and anticipatory planning capacity. By contrast, financial leaders in more layered structures described limitations tied to positional authority.

FL2 expressed that “being in that middle management area… you don’t have… the power… you’re not the final decision maker on things.” This underscores the limited decision-making authority of middle-level leaders, who are involved in execution but not final decision-making.

Another financial leader emphasized how uneven staffing and analytical infrastructure further shaped unit capacity, explaining that “some schools have entire teams doing forecasting and modeling. In others, you’re essentially a department of one. That changes how proactive you can be.” Capacity, therefore, was not only about autonomy but about staffing depth, modeling capability, and access to timely financial data. Authority may be distributed formally, but the ability to exercise it strategically depends on structural investment in financial infrastructure.

This uneven capacity became most visible during periods of fiscal disruption. Units with diversified revenue and strong internal financial integration described greater agility. Units dependent on central allocations or subject to abrupt policy changes described sharper constraint. AL1, who oversaw a unit with large amounts of central and research funding, reflected when discussing policy shifts: “When the budget model and central funding assumptions shifted again… we had made decisions based on a budget model that then we weren’t going to be following.”

Strategic recalibration was not optional; it was imposed by structural volatility. Decentralization provides units with discretion, but it does not equalize the conditions under which that discretion is exercised.

Finding 4 therefore clarifies that decentralization does not produce symmetrical governance outcomes. Distributed authority operates within asymmetrical institutional conditions. Units possess the structural capacity to leverage autonomy effectively; others operate within tighter fiscal and administrative bounds. The consequences extend beyond budgeting—

they shape long-term planning stability, programmatic investment, and institutional responsiveness.

Governance Configuration as Structural Stabilizer or Destabilizer

Across the three academic units examined in this study, governance configuration emerged as the underlying structural condition that stabilized or destabilized fiscal integration within units. While earlier findings demonstrated that authority is sequenced through timing and recalibrated through thresholds, participants made clear that these mechanisms operate within broader reporting and revenue architectures. Governance configuration — specifically the alignment of reporting structure, revenue composition, and decision authority — determines whether financial expertise is structurally embedded or structurally peripheral.

Academic leaders described how reporting alignment shapes the degree to which fiscal considerations are integrated into strategic planning. In units where financial leaders reported directly to the dean, fiscal analysis was embedded in early deliberation. In these configurations, financial conversations occurred concurrently with academic framing rather than after commitments were formed. By contrast, in layered reporting structures where financial leaders reported through administrative intermediaries, integration was more variable. Fiscal expertise was present but structurally mediated. The difference was not framed as competence or trust, but as architecture.

Revenue composition further conditioned this integration. Units operating under diversified or self-supporting revenue streams described greater internal alignment between decision authority and fiscal consequence. As AL2 observed, structural exposure changes how decisions are experienced when costs are borne locally: “There’s an absolute disconnect between who makes the decisions and who bears the cost of the decisions.” This reflects frustration with decisions being made outside the unit and then implemented locally, reinforcing participants' earlier descriptions of a more centralized and top-down workflow under conditions of institutional strain. Where revenue streams were centrally allocated or subject to volatility, units described greater uncertainty and downstream recalibration. Fiscal stability, therefore, was not simply a matter of resource volume; it was a function of structural predictability.

Financial leaders reinforced this distinction from the perspective of positional authority. In partnership-oriented configurations, financial officers described consistent access to strategic framing. In more layered models, influence was conditioned by reporting design.
This structural positioning did not eliminate expertise, but it shaped how and when that expertise was activated. Governance configuration, in effect, institutionalized the degree of fiscal integration.

Participants also emphasized that governance design became most visible during periods of fiscal stress. Units with embedded financial partnership models described escalation as intensification rather than displacement of authority. In more layered structures, however, fiscal pressure led to decisions moving more quickly to central leadership, with less input from unit-level actors. As FL1 reflected in the context of heightened fiscal pressure, "If it gets to a point where something more extreme measures need to be taken… I think it's going to be probably the center, sort of, driving those decisions." In this way, governance configuration shapes not only routine decision-making but institutional response to crisis. It determines whether authority remains distributed under pressure or recenters structurally.

Importantly, participants did not frame these differences as personality-driven or culturally contingent. They attributed them to reporting alignment, revenue design, and structural mandates. Governance configuration establishes the baseline conditions under which timing and thresholds operate. It regulates who is positioned to frame trade-offs, who absorbs fiscal consequence, and how authority shifts when exposure intensifies.

Finding 5 therefore synthesizes the preceding analysis: timing governs interpretive entry; thresholds govern escalation; governance configuration governs both. Authority in public university finance is structurally embedded within reporting and revenue architecture. Stability or instability in fiscal integration is not incidental — it is designed.

Cross-Finding Synthesis

Across the five findings, financial leadership in large public universities emerges as structurally positioned rather than individually determined. Authority expanded, contracted, or recalibrated in response to reporting alignment, revenue composition, leadership continuity, and institutional volatility. Influence was not a fixed attribute of role but a function of governance design.

Finding 1 demonstrated that reporting structure determines proximity to strategy. Direct alignment between CFOs and deans embedded fiscal analysis in early deliberation, while layered hierarchies delayed entry and shifted financial leaders toward implementation. Leadership continuity further shaped stability by providing institutional memory that buffered or complicated structural change.

Finding 2 showed that autonomy is dynamic. Under stable conditions, leaders exercised meaningful discretion within institutional boundaries. Under volatility, autonomy narrowed—particularly when central directives shifted or funding assumptions changed. Autonomy operated as a negotiated space rather than an inherent right.

Finding 3 revealed that communication gaps reflect structural mediation. Layered reporting increased interpretive burden and delayed alignment. Direct access reduced distortion and enabled earlier fiscal integration.

Finding 4 illustrated that decentralization produces differentiated outcomes. Flexibility does not generate equivalence. Differences in cost structures, revenue streams, and enrollment patterns interact with governance architecture to amplify disparities during constraint.

Finding 5 demonstrated that crisis conditions expose the underlying architecture of authority. Under fiscal stress, thresholds activate and authority compresses. Informal networks become critical mechanisms for sensemaking and coordination, particularly when formal structures lag behind changing conditions.

Together, these findings indicate that authority in public university finance is structurally sequenced. Timing governs entry into deliberation. Thresholds govern escalation. Governance configuration governs both. Revenue composition and reporting alignment establish baseline stability, while decentralization interacts with mission and market conditions to produce uneven resilience.

Conclusion

This chapter examines how governance structures, autonomy, communication, decentralization, and crisis conditions shape financial decision-making. Across cases, participants consistently located both opportunity and constraint within institutional architecture rather than within individual capability.

Governance configuration regulates when fiscal expertise shapes strategy, when authority recenters under exposure, and how risk is distributed across units. Structural alignment between decision authority and fiscal consequence enables earlier integration of trade-offs. Misalignment increases downstream recalibration and strategic instability.

These findings extend existing literature on higher education governance by reframing financial leadership as structurally embedded work. Rather than conceptualizing CFO influence as a function of personality, trust, or technical expertise alone, this study demonstrates that influence is patterned by reporting alignment, revenue design, and escalation thresholds. Governance architecture conditions the activation of expertise.

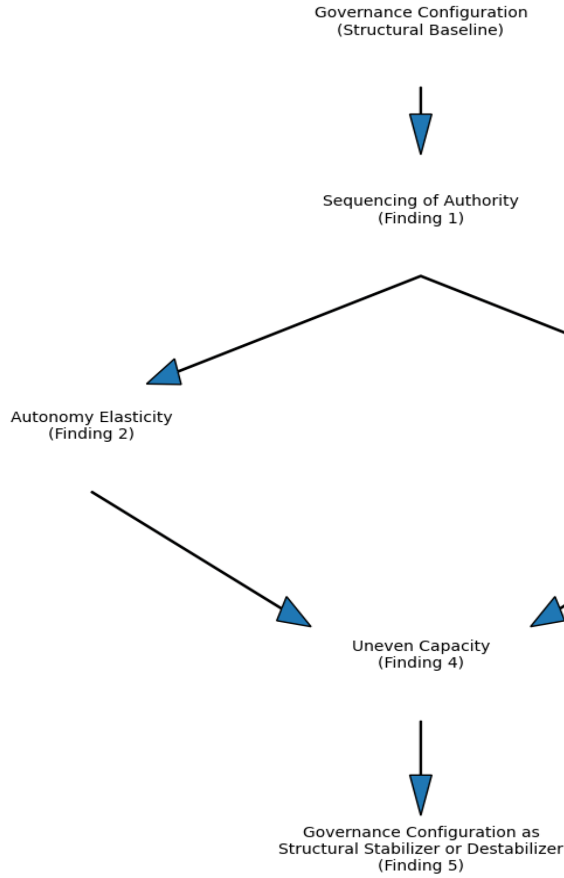
The integration of the Cynefin framework further clarifies how structural design interacts with environmental volatility. Under ordered conditions, governance structures enable expertise-based judgment. Under complex or chaotic conditions, authority compresses and experimentation or rapid stabilization dominates. Financial leadership is therefore contingent on domain conditions as well as structural design.

The theoretical contribution of this chapter lies in identifying structural sequencing as a central mechanism of authority. Timing, thresholds, and configuration operate as interlocking regulators of fiscal integration. Stability and instability are patterned outcomes of design rather than incidental consequences.

In an era of sustained volatility in public higher education, governance configuration becomes a strategic lever rather than an administrative detail. Institutional resilience depends not only on resource volume but on how authority, exposure, and decision rights are architected. The next chapter builds on this structural analysis to examine implications for institutional reform, leadership practice, and future research.

Taken together, the five findings converge into a coherent structural model of decision authority. The mechanisms identified across participants interlock to produce patterned variation in financial influence, autonomy, escalation, and compression across decentralized units. Table 4.2 consolidates this emergent framework.

Figure 4.1
Interlocking Structural Mechanisms of Financial Decision Authority



Note. This model illustrates how governance configuration establishes a structural baseline that conditions sequencing of authority (Finding 1), shaping elasticity of autonomy (Finding 2) and vertical compression under exposure (Finding 3). These mechanisms interact to produce uneven unit-level capacity (Finding 4), culminating in governance configuration as structural stabilizer or destabilizer (Finding 5).

Table 4.2

Structural Mechanisms Shaping Financial Decision-Making Authority

Finding	Core Mechanism	What Shifts	Structural Driver	Authority Effect
1. Governance Sequencing	Temporal ordering of decision authority	Point of financial entry into strategy	Reporting structure	Positions finance as agenda-setting or reconciliatory
2. Autonomy Elasticity	Risk-bounded discretionary authority	Scope of fiscal discretion	Escalation thresholds and fiscal design	Expands in stability; contracts under exposure
3. Vertical Compression	Upward redistribution of strategic rationale	Location of strategic justification	Institutional risk posture	Strategic "why" centralizes; operational "how" remains local
4. Uneven Capacity	Asymmetrical fiscal flexibility across units	Functional autonomy	Revenue mix and cost rigidity	Variable strategic responsiveness
5. Governance Configuration as Moderator	Baseline structural conditioning of authority	Durability of finance–strategy integration	Reporting proximity and fiscal architecture	Determines whether shifts feel destabilizing or integrated

Note. Findings reflect cross-participant structural patterns from qualitative analysis of academic and financial leadership interviews.

CHAPTER FIVE

DISCUSSION

Public research universities face sustained fiscal volatility, enrollment pressures, and shifting state support. The purpose of this study was to examine how governance configuration and organizational structure shape financial decision-making within that environment. Taken together, the findings show that financial authority is not simply delegated through formal roles or individually possessed by leaders. Rather, it is structurally sequenced, threshold-regulated, and responsive to fiscal exposure.

More specifically, this study answers RQ1 by demonstrating that governance configuration, reporting alignment, and escalation pathways shape not only who participates in financial decision-making, but also when financial expertise enters deliberation, how much influence it carries, and whether leaders are positioned to frame strategy or reconcile decisions already made. The study answers RQ2 by showing that perceived flexibility and autonomy are conditional rather than fixed. Academic and financial leaders experienced autonomy elasticity: operational discretion was often possible under ordinary conditions, but narrowed as fiscal risk, political visibility, and institutional exposure increased.

The findings demonstrate that governance configuration determines when financial expertise enters deliberation and whether it shapes strategy or reconciles it. In partnership-oriented configurations, financial leaders influenced agenda-setting at inception. In layered mediation structures, financial expertise entered downstream, repositioning influence toward feasibility and implementation. Structural sequencing functioned as structural power, extending the structural frame articulated by Bolman and Deal (2017) and refining Mintzberg's (1983) concept of professional bureaucracies. In practice, this means that financial leaders who are included early in decision-making processes are more likely to shape institutional strategy, while those brought in later are limited to assessing feasibility. For institutional leaders, this suggests that reporting structures and meeting design directly influence who has meaningful input in financial decisions.

Autonomy emerged as elastic and exposure responsive. Operational discretion existed within a range, but escalation thresholds decreased under fiscal pressure. Authority scaled in line with institutional risk tolerance, consistent with resource dependency theory (Pfeffer & Salancik, 1978). Discretion varied based on a unit's revenue mix and cost structure. Units with more flexible funding sources had greater ability to adjust, while those with high fixed costs, particularly salaries and benefits, faced tighter constraints. In practice, this means decentralization does not create unlimited autonomy, but instead produces bounded discretion shaped by financial conditions. From a leadership perspective, this suggests that formal authority alone is not sufficient. Leaders must also understand the financial structure of their units, as revenue mix and cost commitments directly shape which decisions are possible.

This finding also connects to the higher education literature reviewed in Chapter 2. Prior scholarship has suggested that decentralized and hybrid budget structures can increase local responsibility while preserving central oversight (Hearn et al., 2006; Kosten, 2009; Goldstein, 2020). The present findings affirm that pattern but extend it by showing that discretion is not experienced evenly across units. Instead, practical autonomy is conditioned by revenue composition, cost rigidity, and exposure to external financial pressures. In the California public university context, where state disinvestment and enrollment pressures intensify fiscal strain, these differences become especially consequential (Douglass & Bleemer, 2018).

This study advances governance scholarship by identifying structural sequencing as a mechanism of authority activation. Authority operates through timing, escalation thresholds, and governance configuration. Crisis does not create compression; it activates embedded structural pathways. Authority redistribution under exposure reflects architectural design rather than political intervention.

The findings also speak to the literature on loose coupling introduced in Chapter 2. While universities often preserve localized discretion across schools, departments, and administrative units, this study suggests that coupling tightens under fiscal stress. In more stable conditions, decentralized units may retain room to adapt decisions to local priorities. Under conditions of deficit, enrollment pressure, or external funding constraint, however, authority compresses vertically and local flexibility narrows. This suggests that loose coupling in higher education is not a permanent structural condition, but a contingent one that can tighten considerably when fiscal exposure intensifies. In this respect, the findings extend Weick's (1976) conception of universities as loosely coupled systems by showing that loose coupling is not fixed. Rather, it contracts under financial pressure as decision authority shifts upward and iterative local problem-solving becomes more constrained. This also aligns with Birnbaum's (1988) account of complex institutional decision-making while adding that fiscal stress can temporarily tighten organizational linkages that otherwise remain diffuse.

Governance configuration functions as a structural moderator of resilience. Where reporting proximity and fiscal consequence aligned, escalation intensified coordination. Where misalignment existed, recalibration occurred downstream and authority compression felt destabilizing. Governance architecture therefore conditions institutional stability under volatility. For senior leaders, this highlights the importance of aligning governance structures with communication pathways. Centralization can support coordination under pressure, but without clear communication, it can reduce transparency and limit effective participation.

The findings should also be understood in relation to the California public higher education funding context developed in Chapters 1 and 2. State disinvestment, enrollment growth expectations, and pressures tied to affordability and access do not operate only as external fiscal conditions. In this study, they also appear as internal governance consequences. Participants' accounts suggest that these pressures reshape how authority moves within the institution, which units absorb constraint most directly, and how much practical flexibility leaders retain at the local level. In this respect, the findings extend prior discussion of the California context by showing that state-level financial pressures are translated into uneven internal governance effects rather than experienced as neutral budget conditions alone.

The integration of the Cynefin framework (Snowden & Boone, 2007) clarifies that authority patterns are domain responsive. Under ordered conditions, distributed expertise functions predictably. Under chaotic conditions, authority compresses vertically and decision cadence accelerates. Governance configuration interacts with environmental volatility to produce patterned shifts in authority.

The collective findings reposition financial leadership as structurally embedded work. Authority is sequenced through reporting architecture, bounded through escalation thresholds, and redistributed under exposure. Institutional resilience is premised not only on revenue diversification, but on how authority and discretion are architected.

Implications for Practice

An example of how these findings may appear in practice is during periods of financial constraint, when institutions must respond quickly to budget reductions, deficits, or restrictions on available funding. Under normal conditions, local leaders may have more time to review options, consult with stakeholders, and consider the financial, operational, and human resource implications of a decision. However, when financial conditions become more difficult, the time available for deliberation often narrows. In these moments, authority may become more centralized, and local leaders may have less opportunity to shape the decision before it is finalized.

For example, a decision to reduce operating expenses, pause hiring, eliminate vacant positions, restructure services, or reduce staffing may respond to immediate financial need. However, the consequences of that decision are often experienced at the unit level. Local leaders are then responsible for implementing the decision, explaining the impact to faculty and staff, managing workload changes, and continuing to support core operations with fewer resources. This creates a gap between where the decision is made and where the effects of the decision are managed.

This example reflects the broader findings of this study. During difficult financial periods, financial decision-making becomes more compressed, and local authority may become more limited. While centralized or expedited decisions may be necessary to respond to fiscal pressure, they can also shift the burden of implementation to local units. As a result, middle-level academic and financial leaders are often placed in the position of carrying out decisions that affect finances, operations, and human resources while also managing the longer-term consequences of those decisions within their schools or units.

These findings suggest that governance configuration plays a critical role in shaping financial decision-making capacity. First, institutions should examine whether financial leaders are positioned in relationships of direct strategic partnership, advisory intermediation, or layered mediation. This distinction matters because each configuration shapes whether financial expertise influences agenda formation or enters later as a feasibility check. Second, leaders should clarify escalation thresholds, as these determine when authority shifts upward and when local discretion narrows. Third, units should evaluate their revenue mix and cost structure, as these factors directly constrain or expand practical decision-making flexibility. Finally, institutions should approach centralization strategically, ensuring that governance structures support coordination without limiting communication, transparency, or timely financial participation.

Implications for Policy

At the policy level, these findings suggest that state funding structures influence not only resource availability but also how authority is distributed within institutions. In systems such as the University of California, policies related to enrollment growth and state funding can reshape internal governance dynamics. The findings suggest that these pressures are not absorbed evenly across units. Enrollment-dependent and structurally constrained units may experience sharper limits on autonomy because they operate with less fiscal buffering capacity. Policymakers should therefore consider how funding models influence not only campus budgets in the aggregate, but also the internal distribution of decision-making authority, constraint, and adaptive capacity. Increased financial pressure without corresponding flexibility may centralize authority, narrow local problem-solving capacity, and limit innovation where it is needed most.

Implications for Future Research

Future research could extend these findings through multi-site comparative studies across public research universities. Quantitative or mixed-methods approaches could test the structural mechanisms identified in this study, particularly relationships among governance configuration, timing of financial participation, perceived autonomy, and authority compression under fiscal stress. For example, a survey-based study could measure when financial leaders enter strategic deliberations, how much discretion academic and financial leaders perceive they have under stable and unstable fiscal conditions, how frequently decisions escalate upward, and whether participants perceive those decisions as timely, effective, or both. Such a study could also examine whether decision speed changes under conditions of financial stress and whether earlier financial participation is associated with higher perceived decision quality or stronger implementation outcomes. Some constructs, such as perceived autonomy, trust, and participation in decision-making, may be adapted from existing organizational and higher education survey literature, while measures related to authority compression, escalation thresholds, and governance sequencing may require original instrument development tailored to public university contexts. Additional research could examine whether hybrid and decentralized budget systems produce greater innovation, greater unevenness in adaptive capacity, or both. Future studies could also explore variation across institutional types and examine how changes in state funding models influence internal governance structures, trust, and long-term financial resilience over time.

Limitations

This study is based on a single-site qualitative design, which limits generalizability. While the findings are transferable to similar institutional contexts, they reflect the experiences of a specific group of academic and financial leaders. The study relies on self-reported perceptions; however, the consistency of themes across participants strengthens the credibility of the findings.

Conclusion

Public research universities operate within sustained fiscal volatility, enrollment uncertainty, and shifting state support. The problem framing this study was not simply how institutions manage financial scarcity, but how authority operates within governance structures under those conditions. This study demonstrates that financial authority in public universities is not static, personality-driven, or reducible to formal delegation. It is structurally sequenced, threshold-regulated, and exposure-responsive.

- Authority activates through timing.
- It is redistributed through escalation architecture.
- It compresses under fiscal exposure.

These dynamics are embedded in governance design. Crisis does not disrupt authority; it activates the escalation pathways already architected within institutional structure. Decentralization does not produce independence; it produces patterned discretion shaped by fiscal composition, reporting alignment, and exposure thresholds.

The broader significance of these findings is that governance configuration shapes whether institutions respond to pressure with coordination or fragmentation. When governance architecture is misaligned, financial expertise enters too late, local actors retain responsibility without sufficient practical flexibility, and authority compresses in ways that can weaken transparency, trust, and strategic coherence. Under those conditions, institutions do not simply experience financial stress; they experience governance strain.

By identifying structural sequencing as a mechanism of authority activation, this study extends governance theory beyond centralized–decentralized binaries and reconceptualizes institutional resilience as an outcome of authority architecture rather than resource volume alone.

Thus, financial sustainability is not merely a question of revenue and cost management. It involves the configuration of authority, decision-making, and escalation pathways.

These reframing positions governance configuration not as an administrative arrangement, but as a foundational determinant of how institutions interpret risk, allocate responsibility, and adapt under constraint. Financial leadership, in this context, is not merely enacted. It is structurally patterned through institutional design. Understanding that architecture is essential to understanding institutional resilience in contemporary public higher education. For institutional leaders, this means that improving financial decision-making is not only a matter of resources, but of how authority is structured, sequenced, and activated within the organization.

Appendix A

Recruitment Email Sample

Subject: Interview Invitation – Karla Breen, UCLA ELP EdD Candidate

Dear [Dean's Name] and [CFO's Name],

I hope this email finds you well. My name is Karla Breen, and I am a doctoral candidate in the UCLA Education Leadership Program. My committee chair is Dr. Christina Christie in the School of Education and Information Studies.

I am reaching out to invite you to participate in an interview for my research on how financial considerations shape hierarchies, academic departments, and administrative processes, and their impact on institutional financial effectiveness. Given your expertise as [Dean/CFO Title], your insights would be invaluable to this study.

The interview will take approximately 60 minutes and will be conducted via Zoom. Your identity will remain confidential, and I will provide you with a transcript for review to ensure accuracy.

I would greatly appreciate the opportunity to learn from your perspective. Please let me know if you are willing to participate, and I will be happy to accommodate a time that works best for you.

Thank you in advance for your time and consideration. I truly appreciate your support in advancing scholarly research.

Best regards,

Karla Breen Doctoral Candidate, UCLA Education Leadership Program

Appendix B

Interview Protocol & Questions

Introduction: Thank you for your willingness to meet with me and participate in a study that will provide important information about the perception of financial decisions and their impact on organizational structures in public state universities. I am grateful for your time and honest reflections and insights. I expect this interview to take about 45-60 minutes of your time. I want to learn about your experience with university financial decisions and your perceptions in your capacity as the______________. Your identity will be kept confidential, and a transcript will be provided to ensure accuracy.

RQ#1: *How do organizational structures, relationships, and power/politics inform financial decision-making among administrative and academic leaders within a large public research university?*

1. As an Academic Dean/CFO, how do institutional rules, roles, and hierarchies influence financial decision-making at the school or college level?

2. In what ways do university-wide financial policies and bureaucratic procedures enable or constrain financial decision-making within your academic unit?

3. How do power dynamics between the central administration, academic deans, and unit-level financial officers impact budget allocations?

   Follow-up: Can you recall a specific instance where negotiation or disagreement among these groups influenced a financial decision?

4. Can you share an example where institutional hierarchy either helped or hindered a financial decision you were involved in?

Follow-up: From your lens, do you believe alternative decision-making structures would have led to a better outcome? If so, how?

5. To what extent are academic deans and CFOs consulted in the development of university-wide funding models and budget policies?

6. What formal or informal mechanisms exist for your unit to provide feedback on budgetary policies, and how effective are they?

7. How do budget reductions or financial crises alter decision-making authority between the central administration, deans, and CFOs?

   Follow-up: Can you describe a time when a financial crisis required you to navigate tensions between financial constraints and academic priorities?

RQ#2*: To what extent do academic and administrative leaders perceive sufficient flexibility/autonomy/authority in responding to financial crises/budget cuts/overall directives to diversify revenue streams in ways that support the mission & vision of the unit/school?*

8. As an Academic Dean/CFO, what flexibility do you have in responding to budget cuts or financial crises within your unit?

9. What are the primary barriers to financial autonomy for academic units when it comes to managing budgets, hiring faculty, or launching new initiatives?

   Follow-up: Have you ever had to push back against financial constraints that didn't align with your unit's goals? What was the outcome?

10. How do central administration directives regarding revenue diversification (e.g., philanthropy, tuition changes, research funding, partnerships) impact your ability to lead financially?

11. Can you describe a situation where you or your leadership team had to find creative solutions to financial constraints imposed by central administration?

    Follow-up: Were there lessons learned that changed how you approach financial planning?

12. What strategies have you used to navigate financial challenges while maintaining academic and institutional priorities?

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