

2016

# Budgets as a Primary Control in New Hampshire Governmental Units

Dennis C. Shea  
*Walden University*

Follow this and additional works at: <https://scholarworks.waldenu.edu/dissertations>

 Part of the [Accounting Commons](#), and the [Finance and Financial Management Commons](#)

---

This Dissertation is brought to you for free and open access by the Walden Dissertations and Doctoral Studies Collection at ScholarWorks. It has been accepted for inclusion in Walden Dissertations and Doctoral Studies by an authorized administrator of ScholarWorks. For more information, please contact [ScholarWorks@waldenu.edu](mailto:ScholarWorks@waldenu.edu).

# Walden University

College of Management and Technology

This is to certify that the doctoral study by

Dennis C. Shea

has been found to be complete and satisfactory in all respects,  
and that any and all revisions required by  
the review committee have been made.

## Review Committee

Dr. Robert Miller, Committee Chairperson, Doctor of Business Administration Faculty

Dr. Roger Mayer, Committee Member, Doctor of Business Administration Faculty

Dr. Reginald Taylor, University Reviewer, Doctor of Business Administration Faculty

Chief Academic Officer  
Eric Riedel, Ph.D.

Walden University  
2016

Abstract

Budgets as a Primary Control in New Hampshire Governmental Units

by

Dennis C. Shea

MS, Southern New Hampshire University, 1998

BS, St. Peter's College, 1971

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

April 2016

## Abstract

The annual budget process is a primary financial control mechanism over community resources. However, in New Hampshire, some business school leaders do not have effective strategies for proper budget creation and execution. Using agency theory to frame this study, the purpose of this explanatory case study was to explore strategies for proper budget creation and execution in local school administrative units (SAUs) in New Hampshire. The targeted population was comprised of New Hampshire SAU business administrators who had operational responsibility for the administration of the yearly public budgets in each school district. Data were collected from SAU document review and semi-structured interviews of seven SAU business administrators. Through a data extraction process, 6 themes emerged, which included appropriate accounting controls, risk management, enhancing the procedures, usefulness of fund balance information, use of governmental standards to develop more decision-making information, and improved operation procedures. The implications for positive social change may include the potential to establish accounting controls in the SAUs to complete balanced budgets. The results of the study indicate the potential impact of property tax revenue collected from the citizens of New Hampshire to balance local SAU school budgets.

Budgets as a Primary Control in New Hampshire Governmental Units

by

Dennis C. Shea

MS, Southern New Hampshire University, 1998

BS, St. Peter's College, 1971

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

April 2016

## Dedication

This doctoral study is dedicated to my wife, Antoinette, who has supported and believed in me during all of my successes and failures.

## Acknowledgments

I would like to thank my doctoral committee, Dr. Robert Miller Jr., Dr. Roger Mayer, and Dr. Reginald Taylor for all of their help and support. Also, the New Hampshire business administrators and school administrative unit (SAU) superintendents who assisted in my research.

## Table of Contents

|   |    |
|---|----|
| Section 1: Foundation of the Study.....                   | 1  |
| Problem Statement.....                                    | 3  |
| Purpose Statement.....                                    | 3  |
| Nature of the Study.....                                  | 4  |
| Research Question.....                                    | 5  |
| Interview Questions.....                                  | 5  |
| Conceptual Framework.....                                 | 6  |
| Definition of Terms.....                                  | 7  |
| Assumptions, Limitations, and Delimitations.....          | 9  |
| Assumptions.....  | 10 |
| Limitations.....  | 10 |
| Delimitations.....  | 11 |
| Significance of the Study.....                            | 11 |
| Contribution to Business Practice.....                    | 11 |
| Implications for Social Change.....                       | 11 |
| A Review of the Professional and Academic Literature..... | 12 |
| Agency Framework.....                                     | 14 |
| Behavioral Agency Theory.....                             | 16 |
| Public Budget Expenditures.....                           | 18 |
| Behavioral Theory Controls.....                           | 24 |
| Transformational Leadership Skills.....                   | 26 |



|  |    |
|--|----|
| Budgets as Primary Operational Controls..... | 29 |
| Budget Models as Internal Controls .....     | 30 |
| Technological Innovations.....               | 33 |
| Citizen Participation.....                   | 36 |
| Present Governmental Budget Practices.....   | 39 |
| Balanced Budgets.....                        | 44 |
| New Hampshire Budgets .....                  | 49 |
| Decision-Making Behaviors .....              | 52 |
| Audit Functions.....                         | 54 |
| Critical Analysis.....                       | 56 |
| Transition and Summary.....                  | 56 |
| Section 2: The Project.....                  | 59 |
| Role of the Researcher .....                 | 59 |
| Participants.....                            | 60 |
| Research Method and Design .....             | 61 |
| Method .....                                 | 62 |
| Research Design.....                         | 62 |
| Population and Sampling .....                | 65 |
| Ethical Research.....                        | 66 |
| Data Collection Instruments .....            | 67 |
| Data Collection Technique .....              | 68 |
| Data Organization Techniques.....            | 68 |

|   |     |
|---|-----|
| Data Analysis .....   | 69  |
| Reliability and Validity.....   | 71  |
| Reliability.....  | 71  |
| Validity .....  | 72  |
| Transition and Summary.....   | 73  |
| Section 3: Application to Professional Practice and Implications for Change ..... | 75  |
| Presentation of the Findings.....   | 75  |
| Balanced Budget Requirements and Appropriate Accounting Controls .....            | 78  |
| The Types of Accounting Controls Instituted to Manage Risk .....                  | 79  |
| Enhancing the Procedures and Usefulness of Fund Balance Information .....         | 80  |
| Governmental Standards and Decision-Making Information .....                      | 82  |
| Evaluating the budget operation procedures.....                                   | 85  |
| Budgeting for future improvements. ....   | 87  |
| How to assess the investment in the budget process. ....                          | 88  |
| Stakeholder influence on the budget process.....                                  | 89  |
| Application to Professional Practice.....   | 91  |
| Implications for Social Change.....   | 92  |
| Recommendations for Further Research.....   | 95  |
| Reflections .....   | 95  |
| Conclusion .....  | 96  |
| References.....   | 98  |
| Appendix A: Interview e-mail request.....   | 121 |

## Section 1: Foundation of the Study

School administrative units (SAU) devise the budget and supervise the resources spent on the education of students in Grades K-12. Organizations and business administrators have encountered obstacles, such as policy issues, to reach budgetary goals (Alesani, 2012). Maintaining central control by creating budgets for essential educational services is critical to the management of resources. The completed SAU budget has become the metric to measure the accomplishment of organizational goals in New Hampshire (Lapsley, Midwinter, Nambiar, & Steccolini, 2011).

The purpose of this explanatory case study was to examine the budget process as the primary control over the state of New Hampshire's resources in public SAUs. The U.S. Constitution requires states to maintain appropriate funding for rudimentary educational systems in the United States (Brimley, Verstegen, & Garfield, 2012). Business administrators have identified the resources available for educating local K-12 students when creating a budget and use best practices to meet the goals and objectives of the required balanced budget (Brown, 2013). Business administrators have maintained the budget process in New Hampshire SAU systems (New Hampshire Center for Public Policy Studies, 2014).

Budgets are a controlling factor in New Hampshire SAUs. Plans are needed to create an effective educational budget that is executed annually. In an ineffective budget, the limited resources are not used in the most effective manner. The strategies necessary for the proper execution of an effective budget include the expertise of SAU business administrators who create the budget with the limited resources available. The budget

strategy also includes the proper execution of the budget and the community stakeholders' input into the limited resource process. Without sufficient resource support, the business administrators cannot generate an effective budget.

### **Background of the Problem**

Budget process impediments, such as ineffective leadership, decrease the efficiency and effectiveness of governmental systems in providing public services (Boyd, 2011). In this explanatory case study, I explored the actions of the business administrators, acting as community agents, in preparing budgets and establishing controls to distribute and manage the resources available to the local SAUs in New Hampshire. Currently, there are ineffective controls for implementation and monitoring of budgets as evidenced by the lack of balance in the accounting cycles (Kadan & Liu, 2014).

Business administrators, acting as agents of the community that employs them as a part of the cost of the SAUs, have prepared annual budgets in each SAU in New Hampshire. The business administrators received funding for each SAU in the state from numerous sources such as the federal and state government and local property taxes (New Hampshire Center for Public Policy Studies, 2014). The local property tax for basic education services fluctuated based on the amount needed by the business administrators to balance the yearly budget in the district (Heinle, Ross, & Saouma, 2014). The business administrators relied on best practices to develop a budget to meet the goals and objectives of the SAU and to maintain proper management techniques by using budgets as the primary control of the resources allocated to the SAU. Business administrators

explored strategies to make the SAU sustainable.

In obtaining a license from the state of New Hampshire, business administrators must demonstrate eight different knowledge-based competencies, including (a) education, (b) financial management, (c) human resource management, (d) property management, (e) information management, (f) risk management, (g) pupil transportation, and (h) food service (Business Administrator Certification, 2014). These competencies prepare the SAU administrator to effectively prepare a yearly SAU budget for the community.

### **Problem Statement**

Establishing and monitoring the annual budget is a primary accounting control mechanism over organizational resources; it provides direction for financial planning (Nussle, 2012). The financial plan allows business administrators in SAUs to manage school budgets (Alesani, 2012). The resources to balance the budget in the New Hampshire school year 2010-2011 required \$363,594,111 from local property owners to stabilize local SAU budgets (New Hampshire Center for Public Policy Studies, 2014). The general business problem was the creation and management of the budget by the business administrators. The specific business problem was that some school business leaders in local SAUs in New Hampshire did not have effective strategies for proper budget creation and execution.

### **Purpose Statement**

The purpose of this qualitative, explanatory case study was to explore strategies for proper budget creation and execution in local SAUs in New Hampshire. The targeted population was comprised of New Hampshire SAU business administrators who had an

operational responsibility for the administration of the yearly public budgets in each school district. The implications for positive social change from the results of the study included the potential to establish accounting controls, in the SAUs, to complete their budgets. Another implication of social change included the potential clarification of the affect on the amount of revenue collected from the citizens of New Hampshire, via property taxes, to balance local SAU school budgets (New Hampshire Center for Public Policy Studies, 2014).

### **Nature of the Study**

In this study, a qualitative research methodology design was used to answer the research questions. A qualitative research method was appropriate for investigating the phenomenon of budget and accounting control implementation. A qualitative methodology allows for observation as a data collection method. The observation of people in their environment records their behaviors. The methodology enables the researcher to generate in-depth descriptions of events and to understand the organization and its activities. The qualitative researcher explains and understands what is transpiring during a particular period in a natural setting (Yin, 2013).

Case studies are used to illustrate a thesis or principle. Yin (2013) suggested that the case study could be a single case or multiple cases bounded by time and location. The explanatory singular case study was appropriate for this investigation as I linked program implementation to program effects. Program implementation is used to investigate operations to a set of norms set as a standard during the operation processes. The program effect includes an examination of the causal links between observed

outcomes and the multimethod evaluations. The goal of this explanatory case study was to determine how SAU business administrators implement accounting controls in preparing annual budgets. Information gained from this study benefits both future budget execution and policymakers as they work with limited resources.

The qualitative research design allowed for triangulating data collection from several sources (Yin, 2014). The triangulated data collection sources included (a) documentation; (b) archival records; (c) interviews; (d) direct observations, participant-observation (i.e., site visits); and (e) physical artifacts. The primary instrument in the data collection was the researcher, and I interacted with the phenomenon, which occurred in a natural setting. I interviewed business administrator agents to understand the accounting controls they used to balance budgets in SAUs (New Hampshire Center for Public Policy Studies, 2014).

### **Research Question**

The overarching research question was as follows: What strategies do SAU business administrators need for effective budget planning and execution?

### **Interview Questions**

The principal research question was used to explore the responses to the following questions:

1. How does the requirement of a balanced budget create an appropriate accounting control in the operation of SAUs in New Hampshire?
2. What types of accounting controls are instituted internally to manage risk?

3. The objective of Governmental Accounting Standards Board (GASB) statement 54 is to enhance the usefulness of fund balance information. What procedural changes occurred after reviewing GASB 54?
4. GASB 34 integrates the governmental fund based accounting system with fiscal accountability to create more relevant information for decision-making. How does GASB statement 34 assist you to follow accounting control procedures?
5. Who is responsible for review of SAU budget operations and what procedures do they follow?
6. What research is performed to explore budgets for future infrastructure and capital improvement opportunities?
7. What tools monitor, measure, and assess the investment in time, effort, and knowledge in the budget process at the SAU?
8. How much influence do the stakeholders have on the risk management processes used in the final budget process?
9. Is there anything else you would like to add that you may not have addressed in responding to the questions?

### **Conceptual Framework**

The conceptual framework for this study was the agency theory. The roots of agency theory date back to the early 20th century (Berle & Means, 1932). Jensen and Meckling (1976) also provided a framework of agency theory as an explanation of the modern corporation governance structure (Alessandri & Pattit, 2014). Fama (1980)



added to the theory, describing and quantifying the cost associated with monitoring the activity of managing agents in an organization. Walker (1926) revealed documented strategies for the use of the governmental budget as an instrument of managerial control. A budget is a control instrument because it allows for an evaluation of an effective or ineffective managerial process and internal control within the organization.

Agency theory is used to examine the relationship between principals, such as shareholders, agents, executives, and administrators (Wiseman & Gomez-Mejia, 1998). The fiduciary relationship is between the community that hires or delegates an agent to perform the allocation of funding resources (Weintraub, 1948). Agency theory was used to illustrate two problems in the case study: the objectives of the administrators and residents. The self-interest of the business administrators, due to asymmetric information, should not conflict with the objectives of the residents they serve as agents. The administrators and communities need to reconcile different tolerances for risk to the community when preparing the SAU educational budget (Heath, 2009).

### **Definition of Terms**

*Agency theory:* According to agency theory, social actions should be the focus of the study in sociology (Heath, 2009). A social action is an action carried out by an individual where an individual attaches a meaning to the action (Weintraub, 1948).

*Appropriation:* An authorization granted by a legislative body (town meeting or council) to make expenditures and to incur obligations for specific purposes. An appropriation limits the amount and the period for distribution (Bohanon, Horowitz, & McClure, 2014).

*General fund:* The most typical of governmental funds, it is the operating fund and the general purpose fund. The general fund is used to account for all financial resources except those required or accounted for in other funds (Verstegen, 2011).

*Incremental budget:* Either decreasing or increasing the previous year's budget to arrive at the final budget. As opposed to a zero-based budget, an incremental budget starts over again with the completion of last year's budget. The incremental budget basis projects changes in operations and conditions. It tends to lead to budgetary increases over time as it takes the previous year's budget as a starting point for the coming year (Melese, 2012).

*Line-item budget:* A highly detailed budget adopted with the idea of greater control over expenditures. The line-item budget expresses each kind and quantity of expenditures and revenues as a single item on one line of the budget. The format presented difficulties in adapting to changing conditions, which may develop during the fiscal year. The contrast was the program and performance budgets, which are more flexible (Wagner, 2014).

*Net budget:* Less than the gross budget, the net budget spends the property tax. It does not include nonproperty tax revenues such as state aid, excise tax, user fees, and charges, which treats dedicated revenues for particular goods and services. Unlike a gross budget, the net budget includes only an expenditure budget. Net budgeting is an old form of budgeting that is used when property tax is the only source of revenues for municipalities (Houck, 2011).

*Operating budget:* The entire operating budget of the town excludes the capital

improvement budget. Budgeting for the day-to-day operations of the municipality, it excludes capital items and includes debt service (Arsen, 2012).

*Overlay:* The amount of funds collected by the assessors in excess of appropriations. It includes other collected funds to create a fund to cover abatements and to avoid fractions in the tax rate. The state law mandates that it cannot exceed more than 5% of the original assessment (Caperchione et al., 2014).

*School administrative unit (SAU):* The SAUs handle public K-12 funding budgets, and they locate the resources to provide an adequate education, in each community. The business administrators of the 86 individual school districts in the state of New Hampshire made decisions on the allocation of funds (New Hampshire Center for Public Policy Studies, 2014).

*Taxation (property, sales, and income, value-added):* These taxation terms refer to types of individual taxes that are employed to gather revenues; some support state budgeting systems. Property taxes and room and meals taxes are already in place in New Hampshire; however, state sales taxes and state income taxes are not. Value-added taxes are an alternative to excessive property taxes; they impose taxes on consumers as they use products or services (Brimley et al., 2012).

### **Assumptions, Limitations, and Delimitations**

The following assumptions, limitations, and delimitations were used for this qualitative explanatory case study.

**Assumptions**

Assumptions are unverifiable truths accepted without proof (Marshall & Rossman, 2011). The five assumptions associated with this case study were (a) the business administrator participants of the study on budgeting education services in New Hampshire have the knowledge of the process of preparing, balancing, and adopting a budget; (b) these skills have inspired a continuous commitment and motivation to engage in sustainable strategies within the school administrative units; (c) the current budgeting system for SAU educational systems in New Hampshire needs to be reviewed (New Hampshire Center for Public Policy Studies, 2014); (d) the interview questions collecting information for this study were clear and easy to understand; and (e) the participants exhibited honesty when responding to the questions.

**Limitations**

The limitations of the study included the possible weaknesses of the study (Yin, 2014). The data for the study were limited to the participants in the study. In this study, I included the participants' behaviors, experiences, and perceptions of the budget process as available useable information (Alesani, 2012). The validity of the study was limited by the scope of the interview questions and the honesty of the study participants in response to the questions. The number of questions was limited to reduce the time requirement asked of each participant, and only semistructured interviews were a part of the procedure to collect data on accounting controls used in the budget process from the seven SAUs explored in the study.

### **Delimitations**

This qualitative case study had delimitations. First, the evaluation of the data from the study included an exploration of the accounting controls used by business administrators from SAUs in New Hampshire to prepare budgets, and I controlled the evaluation. Second, I controlled the choice of business administrators in the study based on availability. Third, I used a semistructured interview process I designed to collect data on accounting controls used in the budget process from the seven SAUs explored in the study.

### **Significance of the Study**

#### **Contribution to Business Practice**

The study of the budget practices followed by the business administrators in New Hampshire SAUs is significant to business leaders because of the community resources used in the budget. The growing relationship between the business leaders in the community and the SAU business administrators means that effective collaboration on the concepts and practical application of the proper budget allocation of the resources available must occur. The collaboration has not thus far led to the effective decision making and strategic management of available resources (Aligned Delegation, 2014). The economic benefits derived from the study are the accounting controls generated by a balanced budget in allocating educational resources to an involved local community.

#### **Implications for Social Change**

The implications for positive social change of this study were indicated by the potential to improve accounting controls and budget preparation at the distribution point,

which were the SAUs. Suggestions drawn from the study participants included different approaches to balancing the revenues with the expenditures to create neither a budget surplus nor deficit (Brown, 2013). SAU business administrators must achieve balanced budgets for educational financial projections for the state of New Hampshire communities (New Hampshire Department of Education, 2014). In the SAUs, to balance the budget in some communities, excessive property taxes must be levied on the local property owners. The results of this study lead to positive social change in public finance and include the (a) efficient allocation of resources, (b) distribution of income, and (c) macroeconomic stabilization. Politically, local governments overspend their resources and the excessive economic spending, created an unbalanced budget, but the New Hampshire state constitution has required the budget balance each year in the SAU. Achieving a balanced budget leads to a decrease in interest rates and an increase in savings and investment, as well as a stronger economy for a longer period (Bohanon et al., 2014).

### **A Review of the Professional and Academic Literature**

The purpose of this literature review is to present the conceptual theoretical framework and literature on public expenditure management, or budgets, as primary controls for SAUs in New Hampshire (New Hampshire State & Local 2014 Spending by Function, 2014). The following databases were used to obtain sources for the literature review: EBSCO host, Business Sources Premier, ProQuest ABI/INFORM Global, and ProQuest Dissertations & Theses. The search terms included *budgets*, *business administrators*, *SAUs*, *educational resource allocations by local governments*, *financing*

*education, and public expenditure management.* The literature review includes 88 references, of which 83 are peer-reviewed journal articles, and 79 were published within the last 5 years, 2011-2015. The literature review also includes seminal works relevant to the study. The scholarly sources were used to outline strategies to determine budget controls in New Hampshire SAUs.

The common needs of the community stakeholders regarding essential funding is transformational, but the actions of SAU management systems guided by agency theory and self-interests are more prevalent and practical. In governmental budgeting, collective investment ideas and self-interest ideas are both derived from agency theory (Pepper & Gore, 2012). Business administrators acting as agents in SAUs exert a top-down influence over the activities of others while stressing the organization's shared purpose and a collective interest in balancing the budget (Dugal, 2011). The relationship between principals (such as business or governmental leaders) and agents (such as business administrators) establishes the fiduciary relationship between the community that hires or delegates a business administrator. Budgets are a controlling factor in New Hampshire SAUs.

Plans are needed to create an effective educational budget that is executed annually. In an ineffective budget, the limited resources are not used in the most effective manner. Alternative leadership and the promotion of communication between the business administrators and the community will help resolve the balanced budgeting problem without excessive taxation on the local property owners (Desmarais-Tremblay, 2014). The budget strategy includes the proper execution of the budget and the

community stakeholders input into the limited resource process (Brown, 2013). The strategies necessary for proper execution of an effective budget also includes the expertise of SAU business administrators who create the budget with the limited resources available. Without sufficient resource support, the business administrators cannot generate an effective budget.

### **Agency Framework**

The basic structure of an SAU is a web of relationships and developing knowledge and skills, which will lead business administrators to create balanced budgets. Agency theory and local governmental controls help to control budgets between SAU administrators and the public (Jensen & Meckling, 1976). Resolving problems that exist in agency interactions is the purpose of agency theory in the SAUs (New Hampshire Department of Education, 2014). Business administrators analyze governmental reports to identify budgetary links.

The goals of the government and the public are occasionally in conflict because the public is not certain of the risk involved in the actions of the business administrators. Problems within a community and the promotion of an advocacy plan to promote cooperation on different actions are a part of agency theory (Brown, 2013). A fiduciary relationship exists between the community that hires or delegates an agent to perform the allocation of funding resources or budgeting (Wiseman & Gomez-Mejia, 1998). Agents demonstrate an understanding of occupational injustices and advocate for the rights of those they serve, and they are witness to the resulting changes in policies and practice within the community (Hansen, 2013). The suburban or more affluent essential service



governmental budget systems in SAUS are not more competitive with private industry because the budget needs to be balanced annually (Behbehanian & Burawoy, 2014). The establishment of a learning pedagogy whereby agents, such as business administrators in SAUs, develop the skills of an evidence-based practical approach is an opportunity for agents to acquire new skills.

In comparisons of budget systems of other industrialized countries, there is competition for an economic or budgetary advantage, which helps explain why the United States, from an educational perspective, is considered a second-rate nation. In a global report card on the use of budgets in financing education in other parts of the world, Saunoris (2015) revealed deficiencies in the United States resulting from a lack of resources spent on services in the United States. Combining literature with management, economics, and public policy, Grubbs and Taylor (2013) established the primacy of members in the governance structure as agents of their community. Different applications of agency theory and the concept of a preferred economic interest to the governance of institutions of education leads to the evolution of business administrators in their role as agents. The members of the community are principals of the institution with administrators and trustees as the agents. Business administrators in SAUs are agents of the community providing educational services to students in Grades K-12. The combination of their qualifications establishes the validity of their annual budgets for the local SAU.

## **Behavioral Agency Theory**

The difference between the standard agency framework, which focuses on monitoring costs, incentive alignment, and behavioral agency theory, is that a principal, such as a community, delegates multiple decisions to an agent, such as an SAU business administrator, who has private information relevant to each decision. Behavioral assumptions were discovered in new micro foundations, in a study by Pepper and Gore (2012), for a more realistic set of behavioral assumptions than those grounded in economics literature, which have typically been made by agency theorists. Pepper and Gore called these microfoundations behavioral agency theory. In aligned delegation, the principal delegates multiple decisions to an agent who has private information. The budget mechanisms are characterized by a property called aligned delegation: all agent types are identical as if they shared the principal's preferences (Aligned Delegation, 2014). The principal is uncertain about the agent's preferences, but solves for optimal budget mechanisms, which maximizes the principal's settlement against aligned delegation.

In governmental entities, political leaders acting as agents of the people control the distribution of resources to various essential projects in New Hampshire. Behavioral agency theories, such as transformational leadership theory, place agent behavior at the center of the agency model (Pepper & Gore, 2012). The interests of stakeholders and the agents are more likely to align if motivated executives, in this case governmental administrators, perform well (Heath, 2009). When behavioral assumptions underpin agency theory, case studies and the review of accounting controls by use of budgets

allows successful leaders to determine the correct behaviors (Cox, 2011). The choice between top-down and bottom-up budgeting ultimately determines who receives private information within the firm.

The SAU budget process includes private information between the business administrator, or agent, and the principal, or community stakeholders. Heinle et al. (2014) compared participative budgeting to the economic merits to top-down budgeting and found that alternative private information was communicated vertically between the budget agent and a manager. Top-down budgeting incurs fewer agency costs than bottom-up budgeting whenever the level of information asymmetry, where information is known to some, but not all participants, is relatively low (Lapsley et al., 2011). Both the budget agent and the manager's preferences over the allocation of private information remain similar in the two budgeting paradigms (Allen, 2011). Empirical inconsistencies exist, and the firm's choice of the budgeting process, budgetary slack, and the overall performance of the budget unit is inconsistent.

Resource shortfalls in SAUs began in a previously undocumented cycle in tuition that required fees at public 4-year institutions of higher education in the United States. In a mixed-method study, Reynolds (2014) endeavoured to improve the understanding of behavioral budget cycles, for those who prepare budgets. Using behavioral cycles to prepare budgets at all levels in a majority of school systems, such as SAUs, means that some schools charge tuition and fees to students from outside the district (Brown, 2013). Allen (2011) disclosed that tuition and fees are 1.5 % lower during gubernatorial election years than in nonelection years with no similar cycle in private tuition and fees.

Reynolds found that the exploration of the variations in electoral competition in gubernatorial and state legislative elections within states over time uncovers the underlying electoral incentives creating the cycle. The tuition cycle is not designed to increase the reelection prospects of governors as standard behavioral theories would predict. The SAU budgets are political in nature because they are spending public resources to provide a public educational service.

A strong party system as a part of the democratization process may improve the political budget cycle, which develops within a strong party with rational voters. The development of a strong party system can restrain political budget cycles in an electoral system. In a mixed-method study, Shelton (2014) suggested that budget cycles are a phenomenon of new rather than established democracies. Vote-share behaviors as volatility is used to measure the institutionalization of the party system; newly collected vote-share data for 433 elections for 90 democracies from 1980-2007 were used to calculate a measure of party institutionalization (Alesani, 2012). The data validates the institutionalized party system associated with mitigated political budget cycles, especially in electoral systems. The political ramifications of the SAU budget cycle is a part of local elections.

### **Public Budget Expenditures**

Business administrators acting as agents of public budgets understand the expenditures in the public budgets. The spending on transportation, parks and recreation, education, public safety, and all the other services that governments provide are a part of effective budgets. Kiewiet and McCubbins (2014) revealed the onset of the New Fiscal

Ice Age, a period where a given level of tax revenue purchases a considerably lower level of current services. Preserving a stagnant budget is an improbable task, for administrators, as expenditures continuously rise for current services.

The stagnation of 2007 brought state and local government finances to a crossroads as revenues declined, SAU and other governmental budgets moved from surpluses to deficits, rainy day funds were depleted, and the resilience of federalism came into question. Ebel, Petersen, and Vu (2013) enforced the performance of the state and local revenue and expenditure budget system up to and during the recession. Ebel et al. concluded that the current system of finance is not ready to continue with the nation's demographic, economic, institutional, and technological trends. The modernizing of governmental budgets and finance needs more options than those available (Allen, 2011). Governmental policymakers' behavior, such as SAU business administrators acting as transitional leaders, must recognize the need for revitalization.

One of the objectives of the study was to explore accounting controls for SAU budgets to identify likely decision-making factors, pressures, and opportunities in times of weak economic growth. Agents should have an interest in the reform of federal entitlement programs, as well as in how the federal government will conduct fiscal policy in the future (Ebel et al., 2013). A community or citizen input in the budget process is also necessary to create a sense of transparency for the local SAU (Guo & Neshkova, 2013). An explanatory case study of the behavior of business administrators, acting as agents, regarding budget and priority setting processes was necessary.

The SAU budget perceptions can lead to the development of behavioral attitudes and resistance from employees. The success of the budget process and budget execution is conditioned by how the leadership of the organization, through managerial policy, manages to contribute to the motivation of individuals. Radu (2011) investigated agency theory and the individual behaviors within the organization. The findings indicated individual behaviors do not always correspond with expectations and what is defined by formal rules. The budget can mobilize members of the SAU organization and must be built to generate excitement (Brown, 2013). The purpose of the case study was to identify and explain the causes of behavior problems from business administrators in the budget process of the enterprise and to propose SAU institutional change measures to eliminate these causes.

Whether an educational program's vision or mission is critical, the seriousness of the consequences of not funding the program, due to financing considerations, external directives and mandates, and the magnitude of the problem is the SAU directive. Leider et al. (2014) conducted hour-long interviews in 2011 with 45 health agency executive and division or bureau leaders from six states to ascertain budget procedures. The next stage was an online survey of 207 executive and division or bureau leaders from all state health agencies (66% response rate). The criteria suggested a focus and interest on budget problems with the most serious ramifications for the SAU business administrators. The results from the respondents identified a correlation with the business administrator's behavioral tendencies on numerous key criteria implemented into their SAU budgets.

The state government subfunctional expenditures spent in SAUs are used to

explore the factors that cause budget stability and punctuations. Rossmann, Shanahan, and Krawitz (2012) examined disproportionate information processing theory. The findings indicated both sudden, and dramatic changes to stable growth patterns in governmental policy and budget processes. Ryu (2011) confirmed that distributions of governmental budgets are a cross-sectional dynamic process. Future research is warranted to identify more specific causes; this preliminary analysis suggests institutional frictions and information oversupply tend to increase both budget stability and punctuations for business administrator agents preparing public budgets.

The governmental budget process and the work of governmental agents such as business administrators are a part of forecast analysis. The importance of a politically accepted budget on forecast accuracy is irrelevant if the budget process does not respect the forecast as a resource constraint. Mikesell and Ross (2014) analyzed revenue forecasting in a qualitative study. The findings were that revenue constraints included financial audits, economic and efficiency audits, and program audits. Governmental auditing including American Institute Certified Public Accountants (AICPA) standards and Generally Accepted Auditing Standards (GAAS) are a part of the SAU process when preparing budgets (Houck, 2011).

The concept of the deficit mechanism extends to governmental budgets, which influence local SAU deficits and the level of indebtedness. While the budget deficit increases net debt, as an indirect consequence, it improves the budget balance owing to the funds raised to cover the related debt service. In a quantitative study by Vasvari (2013), a review of financial management procedures by local governmental units, such

as SAUs, and the development of their indebtedness in the period between 2004 and 2010 was conducted. The findings of the Vasvari (2013) study, discussed the financial management of local governments, followed by a separate analysis of 2011 sector-level budget. One result of the study was to increase the operating and investment revenues, which was similar to the procedures in local SAUs, the budget balance of local governments acting as agents of the citizenry improved significantly in 2011 (Grigoli & Mills, 2014).

The U.S. federal government subsidizes public education financial systems, such as SAUs, through grants. Given projected U.S. budget deficits, this may prove untenable. Policy recommendations are for interventions to specify terms of entry and exit (as with automatic stabilizers) and for initiation of contingency-simulation exercises to determine the potential of balanced budget options (Seligman, 2012). Four policy instruments may offer more effective support of state and local governments: (a) federal deficit financed grants, (b) federal placement, (c) federal underwriting, and (d) Federal Reserve System interventions (Lei, Lin, & Wei, 2013). Options to establish policy, in units similar to an SAU, are evaluated in a general framework considering citizen and governmental objective functions.

The inadequate review of standards for various functional assignments among the different levels of government leads to instability and disharmony within the governmental unit. An absolute assignment of functions to levels of government concerning resource allocation and tax power division is non-existent (Brown, 2013). Allocating fiscal resources and budget transfers among levels of government must come



after a clear assignment of functions and this is a problem at local SAUs (Caiden, 2011). The government function assignments, which are avoiding confusion and ambiguity in the field of intergovernmental fiscal relationships across levels of government is changeable, developing with unstable social and political situations.

Political and economic systems are always adapting to new demands, with changing legislation. The business administrator's agency within the SAUs is to satisfy the evolving residents' needs in the proper way within the current or prospective educational budgetary system (Zigiene, 2012). In a mixed method study, Chen (2013) discusses the role of governmental budgets in improving transparency and accountability of the financial system. Chen draws information from (a) e-government studies; (b) collaborative public management literature; (c) management information systems; (MIS) literature to develop a strategic model of how stakeholder agents cooperate to establish government implementation. The proposed model consists of leadership and governance strategy with three interrelated areas of activity: (a) stakeholder relationship management: (b) phase-in implementation: (c) value articulation and clarification, similar to SAUs. Government agencies at all levels federal, state, and local are experiencing more severe budget crises.

The interests of different levels of government are often presumed to be in conflict. If the federal government becomes fiscally stable, it means less aid to the states and reduces items such as the SAU allocation. The federal government, in 2014, spent a hundred billion dollars per year in subsidies to the states (Allen, 2011). Advocating for the federal government, Shanske (2012) encouraged states to use a local property tax. In

contrast to more volatile revenue sources, this solution is already instituted in New Hampshire.

### **Behavioral Theory Controls**

The management theories closely aligned with budgets as operational control methodologies are agency, transformational and stakeholder theory. The agenda-setting strategies of leaders and stakeholders involved with governmental administration discovered the objective is to connect stakeholder theory to a dynamic context, in which agents have a vested interest in the process. System dynamics (SD) methodology analyzes complex agent and stakeholder interactions (Marti, 2013). The system dynamics comprises a powerful reason for business administrators acting as agents to engage in responsible negotiations with the stakeholders (Besiou, Hunter, & Van Wassenhove, 2013). Strategic management concepts are incorporated into the daily activities of local SAUs, despite its bureaucratic tendencies.

Traditional models of bureaucratic organizations, such as public educational administrative units have relied on the old assumption that information is expensive; inexpensive information is now available. New strategies as outlined by Freeman, (1984) who published a strategic management study on stakeholder theory; the original study by Freeman captivated much of the business ethics literature over the next 15 years. In a further qualitative study on convergent stakeholder theory, Freeman (1999) continued the intentions of stakeholder theory, which are more divergent, libertarian and free-market in understanding organizations. The focus on the original and subsequent work of Freeman improves the intentions and the argumentative justification of stakeholder theory, as it is

used in SAUs. Philosophers and ethical theorists argue there is not a meaningful distinction between normative and descriptive theory except by the distinction. Stakeholder theory in discussing how capitalism works states, in order to be successful, it has to create value for all stakeholders (Freeman, 1984).

Through mediating conflicts of interest and minimizing unnecessary contingencies, agents can persuade the stakeholders to deviate from traditional principal-agent theories. In a qualitative study, Lee (2013) suggests the use of the administrative broker model in, which politically influential agencies can block information leakage to legislators and enhance their discretion. The business administrators transform traditionally hostile principal-agent relations into more favorable ones, and the model can be used to maintain budgeted accounting controls over educational services. Stakeholder theory, suggests that the purpose of providing essential services is to create as much value as possible for those stakeholders in the community.

Innovation keeps both principal and agent interests aligned and are more beneficial than the easy strategy of trading off the interests of agents, and stakeholders against each other. To succeed and be sustainable over time, business administrators must keep the interests of customers, suppliers, employees, communities and shareholders aligned and moving in the same direction (Allen, 2011). Hence, by managing leaders and stakeholders, business administrators acting as agents will create as much value as possible for community stakeholders (Chernenko, Foley, & Greenwood, 2012). The budget process, in SAUs, needs to be reformed and a greater sense of accountability is needed between both the agent and the principal.

## **Transformational Leadership Skills**

Leaders, such as business administrators, in the postindustrial era should display transformational skills to be effective in sustaining change in the 21st century.

Transformational leadership skills and operational influence originate from Rost (1993).

Scholars continue to debate and research two highly regarded views about leadership:

either leaders are born to lead or leaders mature through training and development (Rost,

1993). A higher-level of individual leadership skills and the empowerment of others

through change and a shared vision create transformational leadership (Weintraub, 1948).

Transformational leadership transfers motivation by inspiring individuals.

Grounded on a moral foundation, a transformational leadership style influences relationships among a leader and the collaborators who intend realistic changes.

Transformational leaders transfer the motivation and intrinsic emphasis to align

followers' to organizational outcomes (Voon, Lo, Ngui, & Ayob, 2011). A study

conducted by Velkova (2011), which was a qualitative research study to determine the

correlation between leadership styles; (a) transactional, (b) transformational, (c) Laissez-

faire and the connection to employees' well-being. The studies both verified a

transformational leadership style had a positive impact on followers' well-being. A

transformational leader empowers others toward a mutual purpose, carrying out positive

influences.

Transformational leadership and the resulting visionary style inspire followers,

such as business administrators, to be independent and creative in thinking and analysis.

Agents, stakeholders, and transformational leaders then influence other colleagues'

positive change and job satisfaction (Lamé, Lequien, & Pionnier, 2014). A transformational leader uses these influences to motivate and inspire change and acceptance of new strategies within followers (Haller & Faulkner, 2012). There are various skills associated with a transformational leadership style, which embraces moral character and concern for self (agents) and others (stakeholders).

A recurrent challenge in agency, stakeholder, and transformational theory ethics concerns the development of principles. The principles are both suitably general to cover various cases and sufficiently exact to guide behavior in various instances. The theory neither satisfies the agent, transformational or stakeholder theory (Buckley, 2013). Combining agency theory with characteristics of stakeholder and transformational theories reveals the framework of the essential services funding methodologies (Van Puyvelde et al., 2012). The universal theory views the justification of ethics principles and universally appropriate to all environments, including those similar to SAUs.

In New Hampshire, the conflict over budgets as operational controls between the government's agencies, acting as representatives or agents of the principals or public is unresolved. The people or stakeholders of the state consider the issue extraordinary, in part because the budget must by law, balance each year (New Hampshire Center for Public Policy Studies, 2014). In a qualitative study, Denning, (2011) found agency theory connects all stakeholders through research theory methodologies, developing knowledge and skills, which will lead to a solution of funding essential services. The primary accounting controls on operational budgets requires the integration and synergy

of transformational leaders and stakeholders in the community, including governmental leaders and business administrators acting as agents.

Public concerns are forcing governmental departments to shift paradigms to establish an advantage and stay competitive in the current and future economic climates. Departments are changing and transforming the strategic plan toward higher expectations by initiating sustainability programs for administrators (Papenfuss, 2014). Business administrators and transformational leadership present two motivating ideas to create collective interest ideas and self-interest ideas as derived from agency theory (Saunoris, 2015). Transformational leaders exert a top-down influence over the activities of others while stressing an organization's common purpose and a collective interest for the benefit of stakeholders.

The appeal to the common needs of community stakeholders in essential funding is transformational, but the actions of management systems guided by agency theory and self-interests, are more prevalent. Alternative transformational leadership and the promotion of communication between the business administrators and the community will create leadership skills and resolve the budget problem (Melese, 2012). In a study by Feldman & Orlikowski, (2012) governmental organizational change is a theory and practice within a structure, change is constant and transformational leadership will impact the change and the resulting experiences. Agency theory allows for the establishment of a learning pedagogy, whereby business administrators develop the skills of an evidence-based practice. Agents of the people witness the resulting changes in policies and advocate within the community (Hansen, 2013). Transforming through qualitative

analysis of reflections and service-learning reports, the SAU agents identify links between reasoning and occupational agency theory in a community context and carry out an advocacy plan to promote cooperation.

### **Budgets as Primary Operational Controls**

Business administrators, define budgets, as does the public, as a device used in financial affairs. In a seminal work on the governmental budget as an instrument of financial control, Walker (1926) acknowledged the budget is a type of procedure to control finances. In a study Alesani, (2012) found that once a budget establishes controls it should act automatically to control finance within a unit such as the SAU. In a seminal work, Pendlebury and Jones (1983) discuss how the public budget gives a perception of control over expenditures, but the public does not have an adequate conception of its contents. Walker (1926) further discussed governmental budgets as a political appropriations tool, which effectively controlled representatives, acting as agents of the operation of political considerations, leading toward a financial plan prepared within the state legislatures. Budgets due to information asymmetries and agency issues within organizations can create management control problems.

The business problem was the creation and management of the budget, by the SAU business administrators. In a qualitative study, Allen (2011) found the preparation of governmental budgets and the problem of reporting on revenues and expenditures becomes a reflection in the minds of those who prepare it and see it through to actual execution, such as business administrators. (Schwartz, Sudbury, & Young, 2014). The principal-agent analysis of budgeting, performing comparative statistics on the potential

benefit of bundling projects, which confers a type of diversification benefit similar to portfolio diversification (Heath, 2009). The specific SAU problem was that some school business leaders in local SAUs in New Hampshire did not have effective strategies for proper budget creation and execution.

### **Budget Models as Internal Controls**

The framework for explaining the bureaucracy's behavior in a bilateral monopoly model is a type of relationship, which is between the sponsor and the bureaucracy and leads to an oversupply of output. Should an excess output occur, it would be a consequence of the political decision-making mechanisms. The Niskanen (1975) model remains a standard explanation of a government bureaucracy's behavior. Niskanen's original formulation was of a perfect discriminating bureaucracy and the monopoly power Niskanen assigns to the bureaucracy, such as an SAU, is bilateral between bureaucrats and politicians. The Niskanen (1975) model of a budget-maximizing bureaucracy has two assumptions; bureaucrats will maximize the budget and act as monopolists who attempt to impose preferences on the current governing political party. In a qualitative study Beck (1981) discovered results indicating lump-sum aid to school districts have a greater stimulus and effect on expenditures for education than does an equivalent increase in the income of the local community. However, the education bureaucracy's power to use state aid to increase expenditures is not postulated by Niskanen's model. In a qualitative study, Caiden (2011) revealed the education bureaucracy exerts a claim on state aid. Both of the models reveal matching aid has a greater stimulus effect than lump sum aid and expenditures increase by less than the



amount of aid. This finding contradicts the hypothesis that school spending determinations are by the preferences of the local community. Therefore, less of this aid is passed on as tax reductions to residents than the community would include in the operational budget.

The focus on the content and format of implemented performance control budgets, as a form of internal control, and the added value, which accrual operational budgets bring to controlling performance in other countries were explored. In a qualitative study article, Marti (2013) analyzes accrual-based performance budget control systems in the United Kingdom, Australia, and New Zealand. In all three countries, full accrual-based costs, revenues, and funding appropriations are linked to specifications of planned and actual performance in terms of outputs/outcomes, thereby increasing the quality of departmental performance reporting budgets (Radu, 2011). The study found minor differences between the accrual-based performance budgeting models in the three countries.

When bundling is strictly beneficial to the principal agent, or SAU business administrator, the benefit is decreasing in the correlation between the projects' profitability and cost benefit. Positive correlation diminishes the diversification benefit found with aggregation (Schwartz et al., 2014). When projects are sufficiently heterogeneous the ability to tailor the contracts to the individual projects dominates the diversification benefits, which are necessary for the SAUs. The literature on budgeting in the public sector has traditionally focused on the annual budgetary process (Melese, 2012). Minimal attention has been paid to re-budgeting when governments revise and

update the budgets during the fiscal year. Because of the potentially large impact on appropriations, re-budgeting deserves more attention. A quantitative study by Anessi-Pessina et al., (2012) used data from a sample of Italian municipalities to test hypotheses on the main drivers of budget revisions. According to the results, re-budgeting is affected by the degree of incremental steps in the initial budgeting process. SAUs work in a similar manner; there are internal and external determinants which exist, such as political variables, organizational features, financial conditions, and the local socioeconomic environment.

The SAUs must consider the inclusion of the influence of organizational culture, budget accounting control methods, and yearly reallocation of unused departmental resources in their thought process when preparing a budget. In a qualitative study Alesani (2012) comments on her experience as an Italian local government official and feels re-budgeting is a continuous process, as municipal budgeting tends to be incremental. A mixed methods study by Buchanan (2011) focuses on the explanation of the anti-deficit fervor of the federal budget deficit in the administration of U.S. President Barack Obama with the continuous reduction in government spending. The study presents a solution to the problem through the creation of an independent agency to mediate the defective budget process (Saunoris, 2015). Ineffective fiscal budget problems can discuss the conditions where deficit spending can be positive and when deficits will boost the performance of the economy.

The U.S. budget process needs improvement, Congress did not even try to agree on a budget resolution. A qualitative study by Rivlin (2012) presented updates on the

U.S. federal budget process in 2012. Instead, hopes of a major agreement, which was intended to stabilize the rising debt crisis, have led to the creation of special mechanisms outside the regular budget process. A qualitative study by Nussle (2012) gave his insight on a Congressional hearing about the need for the budget process reform in the United States. This lack of accounting and budgetary controls does not augur well for the country's fiscal challenges and needs to be repaired by a procedural adjustment and is applicable at the local level, such as SAUs budget preparation.

### **Technological Innovations**

The review of new technologies indicated the new methodologies will enable the state governments to acquire new advantages from technological innovations recognized in the private sector. The completion of a quantitative study by Chenok (2014) reported on the modernization of the budget process using technology and a step towards savings and financial transparency in the United States. In a qualitative study by Marlowe (2013) an examination of local governments divulged changes in the process for selecting capital projects. The changes institutionalized a strategic outlook in capital improvement planning and budgeting in those jurisdictions. The findings suggest local governmental budgets can set capital priorities strategically, but the implementation of those reforms must be adaptable to changing political circumstances (Allen, 2011). The findings add to the limited literature on the political, administrative, and other challenges, which local governments must confront when reforming the capital improvement planning and budgeting processes.

The purpose of a budget reporting system is to provide what if alternatives throughout budget preparation and is important to SAU re-budgeting. A quantitative study by Cox (2011) on the creation of a budget reporting system, using the programming language, Microsoft Access, allows users to alter budget assumptions. The premise is the form will capture finalized budget assumptions, such as growth percentage, for comparison to actual numbers in the budget year. Also, the form includes a duplicate feature to copy and paste a textbox in the form to the database. A further quantitative study by Cox (2012) presents a continuing installment of a series on the creation of a master budget project using the Microsoft Access database software program. This would add uniformity to the state of New Hampshire SAU budget process.

Attracting, motivating, and retaining Information Technology (IT) professionals has proven to be an ongoing challenge, regardless of the era in question. The use of multi-level factors in IT supports traditional behavioral agency theory perspectives of compensation, and by contingency theory examines external and internal (organizational) contingencies (Pepper & Gore, 2012). The analysis of agency and contingency perspectives of risk provide insights on when fixed or variable budget plans may be more beneficial to any organization, such as SAUs (Gonzalez, 2010). On average, almost two-thirds of the professional operating budget goes to staffing expenses, with managers and human resources experts struggling to balance compensation decisions.

New rating tools specifically, the Program Assessment Rating Tool (PART) reviewed the budget factors explored by Congress, including ideological positions held by legislators. The level of business experience, level of campaign financing received

from political action committees (PACs), years spent in Congress, seniority, and congressional chamber were the factors considered. A quantitative study by Stalebrink and Frisco (2011) added research insight into the congressional reaction to the PART study. The study explores the influence of individual legislators' personal experiences and ideological position and the attitude toward PART. The results indicate legislators with higher levels of business experience were supportive of PART. The length of time they had served in Congress and the amount of campaign contributions they had received from Political Action Committees negatively related to PART support. The study provides insights into legislators' overall exposure and sentiment toward PART (Caiden, 2011). The data indicates only a small proportion of legislators clearly expressed positive or negative opinions toward PART, despite widespread exposure to the tool. These findings are an important contribution toward a more comprehensive understanding of the congressional reaction to PART and offer further insights into the challenges of securing congressional buy-in for executive performance budgeting initiatives.

The interest in budgets has been growing due to the difficulties in balancing the revenues and expenditures for both short and long-term periods. A qualitative study by Hirshman (2012) perceived the raising of taxes in modern countries to balance their fiscal budgets. It focuses on the comparison between the cost-benefit analysis used at the federal level and the state approaches, which do not place any focus on evidence-based budget policy, similar to what occurs with SAU budgets. Washington State's policy and budget processes have been followed for more than 15 years and the early outcomes are encouraging (Vanlandingham & Drake, 2012). Promising developments have increased

the probability of success, including methodological advances and the development of user-friendly cost-benefit analysis models by the Washington State Institute for Public Policy.

The state of New Hampshire specifically resets or rebases budget limits annually by using actual revenues or expenditures for the preceding year. The limit will trend closely with actual revenues or expenditures, effectively restricting growth in spending as prescribed by state law in New Hampshire. A mixed method study by Chenok (2014) on state tax and expenditure limits revealed concerns about the approval process of state budgets. The inclusion is of base classification and codification of tax and expenditure limits (TEs), but these factors reveal nothing about the actual process. A study focusing exclusively on the technical elements of the budgets and then finding how states estimate the limits before approval was discussed by Burman & Phaup (2011). Depending on the state, the law requires an estimate of the limits using the appropriation limit for the preceding year instead of actual revenues or expenditures, without rebasing. The limit will reflect cumulative changes to the base when approved. Over time, the TEs cap is significantly above the state revenues or expenditures as it remains unaffected by the state's underlying fiscal and economic environment.

### **Citizen Participation**

Technological innovations, such as the Internet and crowdsourcing can increase citizen participation. Participatory budgeting and the study of local accounting controls, in the community, by use of budgets is a matter of citizen participation in the democratic process (Hanusch & Magleby, 2014). The discussion of the concept of participatory

budgeting, in a qualitative study by Haller and Faulker (2012), is where local governments incorporate public input into the decision-making process, similar to the SAU budget process. Discretionary budget items and comments on participatory budgets in the city of Denver, Colorado, highlight the success of such an approach in use since the 1980s (Haller & Faulkner, 2012). Active participation from all stakeholders in the budget process is one of the key issues to the integration of performance information with budgeting (Yi, 2011). While individual citizen stakeholders' participation is important in this case study, participation patterns, and how they engage each other in performance measurement, has not previously been researched to any extent.

Performance budgeting suggests a participation pattern is a different construct than individual participation, and the effective patterns vary by the purpose of performance information. Empirical studies on participation patterns and the collective impact on performance budgeting are scarce (Marti, 2013). Also, the patterns are open to external professionals and citizens, with shared responsibilities among the agencies, executive offices, and the legislative branch. A mixed method study by Gomez, Insua, Lavin, and Alfaro (2013) proposed a new methodology to design a community participatory budget process. This methodology is based on a multi-criteria decision-making model. Identifying alternatives, constraints, criteria and the value function model, use of the methodology with community participation are examples of the SAU budget process. The patterns tailored to various purposes, similar to an SAU, are more likely to be effective in integrating performance information with management and budgeting.

Community participation in the public budget reviews was widely advocated by both theorists and practitioners of public administration. The public having input in the budget process and the community inclusion then affects the outcomes of public agencies, such as SAUs. A qualitative study by Krawitz (2012) discovered the committee members, or SAUs in this case, have an obligation to communicate their budget decisions clearly to their community and include the methods and criteria used to reach the decisions. A quantitative study, by Guo and Neshkova (2013) utilized the state departments of transportation (DOTs) across the country for data. The study used survey data about citizen involvement practices and constructed community input indices for different stages of the budget process. The authors examined the impact of community participation on the overall organizational effectiveness of budget preparation. The study results reveal community participation in the budget process has a greater positive effect on organizational performance at both the early and ending stages of the budget operation, namely, the stages of information sharing and program assessment.

The increasingly important issues of transparency and community involvement have challenged public administrators, in SAUs, in the budget control process. In a qualitative budget study, Brown (2013) finds no evidence that public budget expenditures and total resource wealth (including public and private contributions) is significantly associated with education outcomes in New Hampshire (National Center for Education Statistics, 2014). In a mixed methods study, conducted in South Africa, Boateng (2012) found a similarity between increased spending on learning and teaching support materials. The association of pedagogy finds increasing maintenance resources concurs



with repetition and retention rates. Poverty indicators reveal the connection between school administrators and district and school inefficiencies drive dropout rates.

Major improvements in the contingent value approach can serve as a useful tool for business administrators identifying the public's use of accounting controls as budget priorities. A quantitative study by Nollenberger, Maher, Beach, and Mcgee (2012) adopts a contingent valuation approach. The survey of citizens in the city of Oshkosh, Wisconsin, discovered a valuation or cost-benefit approach, on the preferred allocations of both a large city budgetary increase and reductions, with a valuation or cost-benefit approach. The examination of how community assessment of service quality and importance relate to the desired changes in net budget allocations is considered in budget preparation (Cox, 2012). This can be related to the New Hampshire issue of funding SAU budgets in an effective and efficient manner.

### **Present Governmental Budget Practices**

While regular reforms advancing these functions appear promising, movement toward clarity in the budgetary theory has not kept pace. In a quantitative study by Sych (2011), a review of present budgetary practices, processes, and related issues in the United States since 1990 are assessed. The study uses budgetary functions of control, management and planning as benchmarks similar to an SAU (Alesani, 2012). The suggestion, from the study, for business administrator agents, both individually and in combination, is to apply a theoretical understanding of public budgeting techniques. A quantitative study by Chenok (2014) developed a computerized optimization model for improvement of financial management at a local government level, similar to an SAU.

The real-life long-term budget planning analysis exemplifies good governance practice and observation of standards of efficient management in the area of long-term financial, investment, and safe debt planning. The investigation assists future business administrators acting as agents of the government to demonstrate ways of the informed decision-making process. The implementation by governmental managers decreases the level of risk and enhances quality and transparency of governance.

Communities whose business administrators are acting as agents engage citizens online and then report performance information. The transparency makes the SAUs appear more responsible to the public and this builds public trust. Public organizations are using information technology to measure and manage the performance now more than ever (Chenok, 2014). Analyzing a link between performance reporting and financial decision-making of financial budget reports, which are identified by GASB criteria for performance reporting, a rubric applies to both public budget and public financial reports. The relevance of performance reporting examines both planned and actual expenditures by comparing the budget and financial reports, similar to SAUs (Melitski and Manoharan, 2014). A data lexicon rubric for performance measurement is applied to the same documents to determine the extent the documents address performance measurement.

The recent promulgation of Statement No. 54 by GASB sought clarity and transparency in fund balance accounting. A review of 200 municipal financial statements indicated compliance, but raised questions about how municipalities apportion funds among the new categories and how they plan for and use fund balances (Kelly, 2013).

Local government functions, such as the SAUs use of fund balances for budget stabilization is not generally understood despite fund balance amounts being a closely watched indicator of fiscal conditions (Melese, 2012). GASB Statement no. 54 establishes constraints placed on resources, which bind a hierarchy of balance classifications in the funds based primarily on the extent of government resources. Governments need to consider numerous criteria before implementing this reporting standard. GASB statement no. 54 clarifies the definition of existing governmental fund types.

Because of the timing of the budget cycle, governments need to assess early the impact of any GASB statement on reporting information for governmental funds. A qualitative study by Nussle, (2012) reviewed a policy on unrestricted resource usage, in this case the participant business administrators review the current policies and procedures to determine if resources would meet the definition of either committed or assigned, as is done in the SAUs. In a quantitative study by Ariail, Durden, Leathart, and Chapman-Vasill, (2012) on audits of the municipality of Avondale Estates, Georgia they discussed the accounting evolution between 1928 and 2009. The standards of Generally Accepted Accounting Principles (GAAP) and Generally Accepted Auditing Standards (GAAS) were explored in a case study format with historical 1928 and contemporary 2009 financial statements. The 1928 and 2009 reports and financial statements of this municipality, along with the municipality's current budget information aids in understanding the current rules of models identified topical areas of research within the unique governmental environment.

A recent trend toward performance measurement and away from decision-making research is now prevalent. While relevant findings noted in some areas, there is an overall lack of consistent streams of research, which may diminish the influence of the findings to the professional business administrators, such as in the SAUs. In a quantitative study by Kidwell and Lowensohn (2011), behavioral research in governmental accounting addressed budget-related topics, followed by auditing issues. A qualitative study by Burman and Phaup (2012) gives an explanation for the difficulty in controlling budgets, which is a major component of spending, including the treatment of tax expenditures. The privileged status of expenditures to be treated as tax cuts rather than as spending has created a complete lack of accounting control in the budget process. The Burman and Phaup study explored the implications of expenditure classifications and illustrates how it can lead to higher taxes, larger government, and an inefficient mix of spending or too many tax expenditures. The analyzation of alternative budgeting approaches explicitly would incorporate and measure tax expenditures.

The discussion of the ways to control tax expenditure spending and the special challenges presented by fiscal irresponsibility are ongoing in SAUs. Budgeting and forecasting are major tasks for the business administrators acting as agents of finance in any organization. The collection and collation of financial data can take months of preparation. SAU business administrators begin working on the following year's budgets as they are completing the current budget (Alesani, 2012). Time-consuming manual processes can prove to be a major hindrance; automating processes through the use of technology significantly reduces the risk of human error and are used in SAUs (Shelton,

2014). Enhancing the ability to prepare an accurate and balanced budget, no matter the scenario and adapting to the pace of the current business environment is necessary to the budgeting process.

When assembling budget items, business administrators recognize levels of detail needed to add value. Otherwise, they only add complexity, which in turn adds time to the budgeting cycle and erodes the benefit of using advanced technology; SAU administrators felt their accounting software aided in the budget process. Effective budgeting and forecasting are for streamlining and creating efficient processes (Venkatesh, 2012). In a study by Bogiages, (2014) they discussed while technology can aid in efficiency and effectiveness, it can generate unnecessary complexity. For any organization, the optimal situation is one where transparency and accountability is at the level of the business administrator budget manager. The preparation and submission of balanced budgets and then the justification of how the budgets disburse funds needs more transparency in any organization (Alho, 2014). The more translucent a budget process and effective financial management raises a greater ownership of the process.

Local government budget processes have changed substantially since the early 1990s, due in part to an expanded emphasis on performance accountability and the availability of information technology. The allocations of funds are the results of a business administrator, such as in the SAUs, acting as an agent of the community (Phillips, 2014). In a qualitative study, by Kelly (2013) evidence local government budget outcomes had changed over the same period when disaggregated at the functional level resulted. Budget messages from the business administrators summarize the plans

and policies of the budget report including an explanation of the success of budget reform in local government units.

Business administrators, as chief financial agents, are in a quandary because of the 2013 financial upheaval, commonly called sequestration. Consistent, transparent frameworks to identify measure and report on the efforts to meet financial management demands are required in SAUs (Brown, 2013). A quantitative study by Lippuner, (2014) shows continuing budget deficits have made sustaining, managing and controlling costs a central responsibility of the financial agents. Balancing financial budgets in the SAU and leads to sustainable improvements in performance, and business administrators must increase agency credibility and strengthen fiscal discipline in the unit.

### **Balanced Budgets**

The control systems research examines the impact of multiple controls on common decision-making phenomena. The SAU administrators felt an increase in support staff would help them in budget preparation by giving them more relevant information. In a quantitative study, Khalifeh and Sivabalan (2014) explored whether or not balanced budgets affect business administrator preparation for the purposes of control or targeting certain venues. In an experimental study by Venkatesh, (2012) involving 235 postgraduate university candidates, the findings suggest the awareness of progressively greater budget information amongst users in uncertain environments engenders greater individual learning about the organization, altering business administrator preparer objectives. The findings indicate the information does not generate effective, balanced budget outcomes but informs business administrator

preparers of the constraints the organization encounters from a funding perspective. The contribution of the study to growing literature on the appropriateness of budget preparation in flexible environments is evidence of the impact on other performance management systems.

The causes of underestimation and cost overruns on publicly funded projects, such as budget preparation have been studied. In a study by Whitehurst, (2012) he found future costs need a coherent and holistic view on the causes of cost overruns, and the dynamics of intellectual dispositions, learning, and estimation, similar to SAU preparation for community feedback. A quantitative study by Kioko, (2011) discovered business administrator agents need to use data mining for estimating the final cost of projects into their budgets. In a study, Dominic and Smith (2014) conducted a quantitative exploration of the causes of cost overruns. The empirical models developed in the paper have a practical implication. The model developed could convert to a desktop package for quick cost predictions and the generation of various alternative solutions for a construction project in a sort of what-if analysis for the purposes of comparison. The use of the model could greatly reduce the time and resources spent on estimation.

Government constitutional and statutory requirements for balanced budgets in state and local units lack vigor; they produce budgets balanced in form but not in economic substance. Some government units have amassed huge unfunded obligations for future infrastructural work; SAUs issue bonds for future infrastructure improvements. In a qualitative study by Ives and Calabrese (2011), the problem found was created by

how the laws were written and implemented. As a result, governments routinely exclude from expenditures or appropriations significant amounts attributable to current-year services, but not necessarily payable until well in the future. The business administrator managerial function concerns budgets and the continued funding of personnel, in SAUs. After the 2007 recession, a quantitative study by Guarria (2011) reveals budget cuts were worse in fiscal year (FY) 2009 than they were in 2010. Suggesting the cuts enacted in FY 2009 were effective and thus there were fewer severe cuts in FY 2010. Stress levels were high for FY 2009 and inched higher in FY 2010. Best practice suggestions were offered to include communication, purchasing, and personnel.

The lesson to SAU administrators occurs when the economy experiences a contraction, businesses, governments and the general population begins to rein in expenses. The effect on governmental units of all types and the information provided generates problem-solving ideas for those in budgetary and leadership roles (Ying-Ju & Mingcherng, 2011). The organization of the business administrator budgets into separate units with a common purpose were not to maximize the profits, as they are non-profits, but to restrict the funding through reverting to decentralization. One such method is the creation of modules or units without overlapping funding. The purpose of a qualitative study by Cross (2011) was to discuss these issues. The study relied on economic literature in an attempt to clarify the structural problem of governmental budgeting as well as to find means to reverse any slides into budgetary collapse. The study by Guo and Neshkova (2013) argues there is a causal relation between the rise of increasingly large for-profit organizations and the rise of the centralized governmental units who



operate as budget professionals and act as agents of the communities, such as in SAUs. The study proposes the decentralization of governmental budgets as a means to regain fiscal control of allocated resources.

The recovery from the 2007 recession has been slower than the historic recovery cycle, taking longer than most experts predicted. The reality for business administrator's future budget years is public education funding cannot be sustained at the current levels. In fact, the current economic climate may provide once-in-a-lifetime opportunities fundamentally to restructure the budgets for public education units. In a qualitative study by Wilson (2011) of local school districts, in Ohio, it was found the districts are bound by the Ohio constitutional provisions requiring balanced budgets and prohibiting local growth in property tax revenue. The only local school district options available when there is a reduction of state revenue is to reduce expenses, raise new local revenue or a combination of both, similar to the SAUs (Kiewiet & McCubbins, 2014). An effective evaluation and budget restructuring will require the participation of the community to assist the business administrators to construct a balanced budget, collective bargaining units, and representatives of the community.

Business administrators, in SAUs, develop models of school budget decision-making by using revenue estimation divided into three components: (a) strategy-driven difference; (b) uncertainty-triggered difference; (c) true error term. Underestimation of state aid revenues is the dominant budgetary behavior, but some districts end up with undesired overestimation (Reynolds, 2014). Overestimation of state aid, and budgets, is more prevalent in high aid dependent, rural, and urban school districts. Institutional

constraints, such as local budget vote, tend to reduce the size of the state aid estimation difference (Ryu, 2011). The qualitative study by Vanyolos (2009) could not confirm that lower levels of prior year fund balances would trigger districts into a more aggressive underestimation of state aid. The uncertainty-triggered difference tends to increase as a response to compounded negative signals (low levels of Governor's proposal on state aid and late state budgets). The confirmation of state aid estimation differences ultimately is the fund balance.

The traditional annual fixed budget is a dysfunctional management instrument and should be replaced by flexible or rolling budgets. However, in a quantitative study by Ekholm and Wallin (2011), empirical research produced conflicting results. The results of the current case study indicate environmental uncertainty has a significant negative association with the perceived usefulness of traditional annual budgets, whereas there is no indication of a significant association with flexible budgets. By contrast, a significant positive association between the accentuation of strategy in both types of budgets, the evidence of a positive association between the perceived usefulness of traditional annual budgets and the use of flexible budgets exists (Caiden, 2011). The budget preparation research supports findings where annual budgets are more functional as complements than rivals.

Various states use non-accounting techniques and multi-attribute judgment criteria, including political and social values, to make decisions. In a qualitative study, Srithongrung (2010) described the Illinois State capital budget process and explains why traditional capital planning is not in use in Illinois. The study suggests accounting

methods are not useful for ranking capital projects across functions. Intelligent sub-optimization within given functions may be the best academics and practitioners can hope for in rationalizing project choice and maintenance, particularly in large cities or state governments. The findings of the study indicate public capital-budgeting SAU educators should shift the focus in training prospective business administrator public budgeters, from accounting methods to critical thinking, through multi-attribute analysis methods. A qualitative research study by Nussle (2012) follows the analysis and procedural clarifications of the mechanisms concerning the composition of public financial resources. The information is indispensable to SAU business administrators financing and re-financing the budget deficit and the public debt. Complementary resources could represent borrowed financial assets, the appearance caused by balanced budget planning, which takes into consideration deficits (Allen, 2011). Forecasting expenses under normal conditions usually result in wrong planning or a non-correlation of the resource inputs with the resource outputs.

### **New Hampshire Budgets**

In New Hampshire, the public budgeting of educational funds between the business administrators in SAUs, acting as agent representatives of the government, and the community is a fact-finding issue. The research on budgeting essential services requires the integration and synergy of all stakeholders in the community, including governmental leaders and business administrators (Ryu, 2011). In a qualitative study by Chingning and Kaarst-Brown (2014), their study integrated concepts from traditional compensation literature, the role of non-monetary rewards, and a multi-level view of

factors that influence professional compensation decisions. The proposed variable professionals, in the case of SAU budgets, (education faculty) and compensation can be an adjustable governance mechanism.

In high-risk conditions when effective monitoring and performance measurement is less attainable, such as in outsourcing or adjunct situations budgets contain numerous risk factors. Some of the reasons are insider information that business administrators have knowledge of, such as the infrastructure needs to be revamped, restored, and new budget funding methods to be enacted (Finley & Waymire 2013). In a mixed methods study by Mikesell and Mullins, (2011) gave an example of the lack of necessary budgeting; it is the library system, which is usually not competitive technologically. Governmental budgets are expected to be a stabilizing force when the economy is weak, but recently they are a source of chaos because debt will exceed government's ability to repay. Governments of debt-ridden countries lose the sense of risk that the unlimited accumulation of debt would bring countries to the brink of insolvency.

Economic factors and political concerns provide an explanation for irresponsible fiscal policies. Enhancing the independence of governmental budget offices and intensifying the transparency of public finance can be community prescriptions to contain the reoccurrence of budget deficits. A qualitative study by Guangdi and Fulwood (2013) combined agency theory with studies on public finance to develop a model to elucidate a government's behavior in public finance. The quantitative study by Facin Lavarda and Mendes Almeida (2013) verified the influence of budgetary participation in the reduction of information asymmetry in the budget process presuming the participatory budget

process minimizes information asymmetry. Therefore, explanatory research was conducted, in the form of a case study and qualitative type of study, through interviews and direct observation. The study applied to a business unit, which has a consolidated participatory budget preparation practice, similar to SAUs.

Governmental units routinely allocate the costs of common resources down to functional divisions. The main insight of a qualitative study by Ray and Goldmanis (2012) is any efficient allocation rule must reflect the government's underlying cost-benefit structure. Proposing a new allocation rule (the polynomial rule) achieves efficiency, and approximate budget balances work around regular meetings, which are conducted to discuss and define the budget targets (Shelton, 2014). However, in both studies this condition did not minimize information asymmetry as most responses focus on a single item, indicating a sub-manager/subordinate has more information than superiors, as is the case in SAUs.

In modern businesses, firms have new challenges of managerial retention in a capital budgeting process. Any budget model, where a manager privately observes the capital productivity of the project and has access to financing options, allows the business administrator to obtain funding from either internal or external revenue sources (Wagner, 2014a). Governments impose revenue rationing to keep the budgets within the objectives of the unit projects. In a quantitative study by Ying-Ju and Mingcherng (2011), the organization can utilize both the internal and external revenues. The analysis identifies testable empirical predictions on the association between capital budgeting and external capital, there currently is some empirical analysis in SAUs.

A reexamination of the relationship between agency theory and structure in budget accounting research and the exploration of emerging synthesis could provide new directions for research on budgeting. A qualitative study by Kilfoyle and Richardson (2011) found accounting literature using agent-centered and structure-centered theories to explain the design, operation and consequences of budgeting systems. The two perspectives traditionally are alternative and mutually exclusive approaches to understanding the budget phenomena, as thesis and antithesis (Cox, 2012). A reexamination of the relationship between agency theory and structure in budget accounting research and the exploration of emerging synthesis could provide new directions for research on budgeting.

### **Decision-Making Behaviors**

The investigation into the uses of agency theory establishes a framework to consider individual moral philosophy for the improvement of decisions regarding any failing projects, such as unbalanced budgets. In a qualitative study by Johansson & Siverbo (2014), they discussed an improved model of managers' decision-making behavior regarding failing projects due to budget shortfalls. The research hypothesizes a manager with low relative idealism has a stronger tendency to discontinue a failing project than one with high relative idealism when agency problems are present or absent (Yi, 2011). Classification of both studies examines both an agency theory prediction and a competing behavioral prediction and advance the development of agency theory.

Analyses of the previous experiments in terms of the insights they offered were conducted regarding agency theory. Agency costs, misuse of data and incorrect

judgments influence the budget process (Heath, 2009). A quantitative study by Mikesell, (2011) on a series of participative budgeting experiments examined the effect of incentive structures and information environments on employees' reporting and production decisions on budgeting. First, the earliest set of participative budgeting experiments was classified based on the type of incentive and information structures examined in each study. Second, from the review of 21 papers the identity of eight specific cases where the experimental evidence contradicts an agency theory prediction (i.e., anomalies). Third, a classification scheme was developed to organize hypotheses in terms of whether or not they rely on an agency theory prediction, a competing behavioral prediction or a combination of the two.

The usual presumption is citizens' participation have not changed in administrative decision-making (PDM) processes. The community involvement can improve public sector performance and trust. Johnson (2014) conducted a qualitative study of public administration literature from 1880 to 1930. The study argues PDM processes have positive results in terms of performance and trust when available channels influence policy outcomes and democratic, participatory behavior. Theoretical framework arguments based on a mechanism of social learning highlights the centrality and importance of culture and social characters for the study and planning of public administration budget reforms (Haller & Faulkner, 2012). In a qualitative study, Caiden (2011) examines two factors, which impact business administrators willingness to share private information during the project review stage of capital budgeting. The findings draw on the cognitive dissonance theory and the agency theory; discussing both high-

perceived personal responsibility and the use of project reviews for performance evaluations. The result is a greater tendency for managers to withhold negative private information, but no interaction between these two factors result. The Caiden study makes a contribution to both the academic literature investigating factors affecting budget project reviews and the practitioner literature examining the design and implementation of effective budget project analysis, which could be used by New Hampshire SAUs.

### **Audit Functions**

Results base information on the internal audit function's relationship with business administrators and the audit committee. Significant threats identified include not reporting functionally to the audit committee and not having all audit committee members, or at least one member qualified in accounting. A quantitative study of audit functions in budget project reviews by Johansson & Siverbo, (2014) critically reviews the independence of internal audit functions. A study by Killian (2013) found the purpose of governmental accounting and its control functions is to learn by connecting budget practices to the real world examples, which are dealt with annually in budget preparation at the SAUs. Project audits have relationships with management agents, and the project review committee reveals a relationship. The originality or value of the study introduces a lack of independence, thereby generating an analysis of the audit budget process.

There needs to be an examination of the effectiveness of the Government Performance and Results Act (GPRA) and the Program Assessment Rating Tool (PART). The findings of the effective performance of the Congressional Budget Office (CBO) and the Government Accountability Office (GAO) and the local and national counterparts are



in the quantitative study by Johari and Willoughby, (2014). The study reflects on the performance management measures for the governmental offices in the United States. A qualitative study by Tagkalakis, (2014) found poor oversight of financial transactions and lack of transparency and accountability by elected officials and appointed business administrator personnel, which has resulted in corruption and scandals in local government. Another result is the failure of public business administrators, such as those in SAUs, to transform the corporate culture from performance measurement to performance management.

Business administrators approve complex and sophisticated financial transactions as part of the annual budget and financial reporting. The administrators have the appropriate skill sets and issue advice on such transactions. However, this creates a potential conflict of interest because the elected officials, who are the principals in the SAU format, are obtaining advice from the same business administrators they are expected to oversee (Allen, 2011). The resulting incompatible functions may not be adequately safeguarded, providing an opportunity for administrators and other government personnel to misappropriate assets. The GAO recently issued revised guidelines to auditors on how to define and report on internal control weaknesses in government audits. The problem is the internal control responsibility placed on the auditors and not local government or SAU business administrators. A qualitative study by Slembeck, Jans, & Leu, (2014) revealed the solution to improving oversight and accountability already exists in The Sarbanes-Oxley Act of 2002 (SOX). They propose ways where local government administrators could implement certain SOX provisions

(e.g., certifications, audit committees). The study discusses a cost effective manner to improve oversight, accountability and transparency without significant additional burden on taxpayers.

### **Critical Analysis**

In summary, the explanatory case study of SAU business administrators improving accounting and internal controls to increase the effectiveness of the budget process in school administrative units (SAU) in New Hampshire was studied. Business administrators complete the budgets in each of 86 different SAUs in New Hampshire; they have an operational responsibility for the administration of the yearly balanced budgets in each school district. The positive social change establishes operational, financial controls and clarifies the amount of revenue collected from the citizens of New Hampshire, via property taxes, to balance local SAU school budgets. The impact on local business leaders and operations driven by the collection of those property tax revenues then restricts and places primary budget controls on the disposable resources spent on statewide businesses and other government services besides SAU school budget operations and educational priorities.

### **Transition and Summary**

The presentation, in section 1, was a current overview and the historical background of the challenges encountering business administrators in SAUs. The accounting controls implemented by the administrators of governmental budgeting of basic educational services for SAUs were the focus of the explanatory case study. Addressing a general and specific business problem and the purpose of conducting the

study were included in section 1. The qualitative phenomenological research methodology study with a conceptual framework, where the research considers the assumptions, limitations, delimitations and the significance of the study was included. Professional and academic literature supports the research topic, with a focus on agency theory. Also, the theme of business administrators using accounting controls to balance the local government budgeting of educational services in each of New Hampshire's 86 SAUs.

Educational service budgets were creative in some governmental departments besides pedagogy; these include highways and roads, building schools and exchanging undeveloped properties for completed projects Heinle et al. (2014). Governmental budget changes in the local SAU educational system were advantageous economically; however, these changes continued to grow in efficiency and effectiveness. The doctoral explanatory case study has concerned the evolution of the accounting controls used in the budgeting process by SAU business administrators with the available educational funding from the state of New Hampshire and local taxpayers (Houck, 2011).

New business strategies have included the further application of agency theory and sustainability initiatives (Lei, Lin, & Wei, 2013). Business administrators, acting as agents, have influenced followers by empowerment, engagement and trust for a common purpose (Rost, 1993). Sustainability resources introduced changes to the organization and resulted in the business administrators taking on new motivational roles to enact successful accounting controls in a balanced budget process (Streb & Tourens, 2013).

The presentation, in Section 2, contains the purpose statement, role of the researcher, participants, research method and design. Contained within the section is the population and sampling from a qualitative perspective. Ethical research methods are included as well as data collection instruments, and techniques. The application, in Section 3, contains the introduction, presentation of findings, application to professional practice, implications for social change, recommendations for action and further research, reflections, and the conclusion.

## Section 2: The Project

The purpose of this qualitative explanatory case study was to explore the strategies for proper budget creation and execution in local SAUs in New Hampshire. The following subsections comprise Section 2: (a) a discussion of the role of the researcher, (b) a description of strategies for conducting the study, (c) further information on the research method and design, (d) elaboration of the study population, and (e) an explanation of the ethical research process. Additionally, Section 2 contains details on data collection, data instruments, data collection techniques and data analysis, reliability, and validity.

### **Role of the Researcher**

The role of the researcher was to design the explanatory case study and to conduct the data collection process with interviews (Yin, 2013). I was the principal instrument in the data collection process. I started the data collection process only after receiving Walden University institutional review board (IRB) authorization (No.07-30-15-0156055) and notification of approval to conduct research. I used an interview protocol and visited SAUs in seven different locations. I established appointments via e-mail at the convenience of the participants. The research questions and budget procedures to establish accounting controls were then discussed. I indicated to the participants that the study would be available for review upon its completion.

During the study, my other role was to act as a student and learn the SAU procedures and the accounting controls employed during the budget process. This was accomplished by listening, taking notes, and asking questions during the interview

process with the participants. I have experience in the education industry, but not with the budget process, so my biases and assumptions were minimal, and every effort was made to interpret the data without bias. I followed the interview research rules outlined by the U.S. Department of Health and Human Services in the Belmont Report (1979).

In conducting qualitative interviews, Yin (2013) stated that the researcher must have interviewing expertise. Interviews are used to discover what others believe and think about their worlds (Franco, 2012). During the case study, the interviews leading to the data collection process for the explanatory study included gathering data on the primary question and other additional questions. The participants conducted actions without influence from the researcher during the interviews (Yin, 2014).

The interview questions allowed the participants maximum flexibility in their responses while using interview guides, which contained the interview questions (Darden & Cavendish, 2012). I live in New Hampshire and am a property owner and a taxpayer. I work in the educational field at the collegiate level, but have no relationship or bias towards any of the participants.

### **Participants**

The professional business administrators prepare the financial budgets in the state of New Hampshire's 86 school district educational units and were the research participants. The qualitative interview techniques, used in the case study, allowed me to gather opinions from business administrators. The administrators have knowledge and experience in effective strategies for proper budget creation and execution. The

participants provide basic educational services when they distribute and budget the allocated revenues in the state of New Hampshire for each school district.

The participants were contacted via e-mail or telephone to arrange the interviews (Franco, 2012). Access to the business administrators is public knowledge, available at the state of New Hampshire website. To enhance trust and establish a working relationship with the participants, I explained the purpose and benefits of the study to the state, which is to aid in establishing future accounting controls used in budgeting. The case study participants were asked open-ended questions, eliciting a response and opinion, according to Walden University guidelines. The Walden IRB examined the proposal and reviewed the participants based upon their position. Access to the individuals was by verbal, written, or, electronic invitation along with explaining the purpose of the study and a solicitation of participation (Yin, 2014).

Participant consent forms obtained prior to any interviews have remained with me. All information is confidential and only used for the purposes of the study, and no compensation was given to the study participants. The research consisted of interviewing business administrators, acting as budget agents for perspectives on how they used budgets as accounting controls in the local educational budget system

### **Research Method and Design**

Three research approaches (qualitative, quantitative, and mixed methods) are typically available to researchers (Yin, 2013). All three approaches received consideration when selecting the most appropriate design for the study. The researcher

used a case study to focus on the purpose of the qualitative study, the participants, and the audience.

### **Method**

Conducting qualitative explanatory interviews of the participants and afterwards recording the responses was the initial step to analyzing the data. The interviews involved a structured qualitative interviewing method to determine the accounting controls, which were used to balance budgets, and then to determine the budget process from the participants' point of view. The research questions were used to explore the strategies SAU business administrators used in effective budget planning and execution in New Hampshire (Marshall & Rossman, 2011). A quantitative methodology was not a viable approach because the research questions could not be tested with an experimental strategy (Gubrium et al., 2012).

### **Research Design**

The research design selected was an explanatory case study design, chosen to reveal how or why accounting controls were necessary for preparing budgets in an SAU. Purpose controls research design and the sustainability mode of qualitative research was interpretative and experiential with the participants (Lambert, Glacken, & McCarron, 2011). The explanatory case study was used to introduce strategic, ethical, and personal issues into the qualitative research process (Yin, 2014). The interview questions and the resulting procedures and conclusions were divulged to prevent any misgivings from the participants regarding the results of the study (Gubrium et al., 2012).



A phenomenon is anything that manifests itself. According to Sangasubana (2011), the primary objective of an exploratory research case study explicates the meaning, structure, and essence of the lived experiences of a person or a group of people around a phenomenon. The researcher understands human behavior from the participants in the study. Exploratory designs use a variety of techniques to collect data (Gubrium et al., 2102). An ethnographic study would require interaction in the budget process with the business administrator; this was not possible due to privacy issues at the SAUs. The data collection, of past budget processes, completed during the interview was the principal data collection instrument for participant perceptions and experiences.

Exploratory research provided an understanding of the perspectives of the participants through the process of interviewing, observation, and reflection (Hunt, 2011). The intent of the study was to understand the participants' experiences, but not to observe or participate in the budget process. Essential to the exploratory study is the ability to access the environment of the participants to conceptualize the experiences and daily activities (Franco, 2011). Because participant interaction in the workplace environment is a key component of exploration, this method was not chosen for the case study (Yin, 2013).

The interpretive understanding of human interaction is a phenomenologist's worldview with the belief that all perceptions become ultimately reality in a particular perspective in time and space. Phenomenology does not begin with a theory but instead begins with a phenomenon under consideration (Sangasubana, 2011). The phenomenological design would not be appropriate in this study because it does not

consider a collection of data, but only an interpretation of experiences from a personal perspective.

The explanatory case study is a single case or multiple cases bounded by time and location. In this dissertation, the explanatory case study is often referred to interchangeably as ethnography, field study, and participant observation (Yin, 2013). If the event or situation in question uses inductive logic reasoning from specific to more general terms, it is an explanatory case study (Hunt, 2011). Unlike more statistically based studies, which include quantifiable data, the goal of the explanatory case study is to offer new variables and questions for further research.

Participants' actual lived experiences are the data in an explanatory case study. The most common means of data collection in an explanatory case study is through in-depth interviews to gather the participants' detailed descriptions of experiences. The reviews of the seven participants' written or oral self-report, or even the esthetic expressions (e.g., art, narratives, or poetry), were completed until a data saturation point was reached. Moustakas (1994) posited that researchers should focus on the wholeness of experience and a search for the essence of experiences.

Moustakas viewed experience and behavior as integrated and living the actual experiences. The experiences bring up the cognitive dissonance theory and the agency theory; where you discuss both high-perceived personal responsibility and the use of project reviews for performance evaluations. The budget preparation research supports findings where annual budgets are more functional as complements than rivals. The

findings of the study indicate public capital-budgeting SAU administrators should shift accounting methods to critical thinking, through multi-attribute analysis methods.

### **Population and Sampling**

The 86 total SAUs in New Hampshire have one professional business administrator in every unit (New Hampshire Department of Education, 2014). The interviews were nonprobabilistic and purposeful; the advantage of the interviews was the scale of the study and the selective nature of the participants. The research participants in the explanatory case study were appropriate based on the literature researched for the study. The research population consisted of business administrators who had positional power to influence the sustaining effects of the accounting controls used to balance the SAU budget process. The sampling method was also purposeful and homogeneous because of the commonality of the criteria, which has helped the participants understand the problem and the research questions (Franco, 2012).

The sample size consisted of a possible 86 business administrator participants, five to eight was sufficient to ascertain a saturation point (Franco, 2012). Samples for explanatory case studies are much smaller than those used in quantitative studies. The point of diminishing returns in a qualitative sample was reached when the study provides more data, which does not necessarily lead to more information.

Frequencies are rarely important in qualitative research, as one occurrence of the data is potentially as useful as many in understanding the process behind a topic. Because qualitative research is concerned with meaning and not making generalized hypothesis statements, it is more experiential (Rubin & Rubin 2011). The participants'

responses were based on the saturation concept of the population and were sufficient to eliminate the acceptable error and the confidence level of the research (Marshall & Rossman, 2011). The explanatory case study technique allowed me to gather the lived experiences from experts in budgeting, finance, and the distribution of educational system resources in the state of New Hampshire (Gubrium et al., 2012).

### **Ethical Research**

As a researcher, I completed training and certification with the National Institutes of Health's (NIH) Office of Extramural Research. During the study, ethical requirements included an acceptable code of conduct, legal requirements, and social responsibility requirements during the interview process. The ethical standard adhered to while conducting the interviews were used to safeguard respect, justice, and beneficence as recommended by Franco (2012). The consent form, which was signed by the study participants, contained research-designed, open-ended questions (see Appendix A).

Explanatory case study research designs such as participant interviews were appropriate because the participants for the study were geographically located in New Hampshire (Yin, 2014). The invitation to potential participants was through a nonprobabilistic, purposeful sampling strategy by e-mail invitation. Participants from the SAU districts received an informed consent form and agreed to the terms of the study. The explanatory case study evaluation, the interviews, and the results remained with me (Gubrium et al., 2012). The research interview questions, along with the resulting procedures and conclusions, prevented any misgivings from the participants on the results of the study. While signing the consent form, participants were informed of their right to

voluntarily take part in the interview sessions and their right to withdraw from the interviews or the research study at any time without providing any reason or to change their responses at any time during the duration of the study or the interview sessions. No incentives were available to participants in the study. The information has been stored in a Microsoft Word document in a secure location to protect the rights and confidentiality of the participants for at least 5 years.

### **Data Collection Instruments**

Case study researchers seek definition by observation of participants in the study, methods, and the results of their activities and are appropriate for an explanatory case study design (Watson, 2012). Explanatory case study structures contain conscious knowledge as experienced from the first-person point of view, along with relevant conditions of familiarity. The central structure of experience is intentionality; the way it directs through content or meaning toward a certain object in the world (Yin, 2014).

The various types of experience, including perception, imagination, thought, emotion, desire, volition, and action, are a part of the explanatory case study. Experience includes not only relatively passive experience as in vision or hearing, but active experiences (Finley & Waymire, 2013). According to Marshall and Rossman (2008), the experiences bring data or perspectives from participants; then the process can be claimed as adding to the validity of the study. Strategies used, in the study, to address the threats to validity and study conscious experience reflected on types of experiences just as the participants experience them from the first-person point of view. In an explanatory qualitative case study, interviews begin by using the research questions. The reliability

and validity of the questions and any adjustments to the questions were made by using accepted methods of research (Yin, 2013).

### **Data Collection Technique**

Data collected by open-ended interviews included conducting interviews of the participants and a list of questions focused on experiential information learned from each participant. Based on the explanatory case study topic and the conceptual framework of the study, the data was collected from the casual observation of the SAU culture and the interviews of the business administrators. The case study methodology was used in organizational case studies because it empowered users to identify gaps and discover solutions, which intuitively might change or modify original perceptions (Yanow, 2012).

The solicitation of information from the interview questions was a primary source of data exploration and began the data collection techniques (Gubrium et al., 2012). Interview notes were created to capture any ideas and thoughts I had about the interview (Franco, 2012). There was no pilot study conducted after IRB approval.

### **Data Organization Techniques**

The data was obtained from the business administrators via research of public information, and interviews (Yin, 2014). Retrieving data for analysis was conducted and the organization of the data was relevant to answer the research questions (Rowley, 2012). The interview and data obtained had measurable objectives and contained a report on any barriers to a proper assessment of its annual budget. All data, after a period of 5 years, will be destroyed either through shredding of the hard copy data or by using software that will erase the hard drive data. The research methodology used verified the

validity and reliability of the data collected (Rowley, 2012). The systematic and objective process of gathering, recording, and analyzing data for making business decisions, evaluated, organized and then was coded to be used for case study research (Rubin & Rubin, 2011).

### **Data Analysis**

The explanatory case study data interpretation and a description of the results retrieved from observation and the data review were coded (Yin, 2014). The researcher's observations, participant's responses and the data was exported to an excel worksheet (Gubrium et al., 2012). A comparison review conducted between summary data and an Excel download report ensured the data exchange conformed to the original personal interview reports. I recorded each participant's interview response and transcribed the recordings. I subsequently processed the data through NVivo10 thematic qualitative analysis software to discern themes from the narrative segments.

Methodological triangulation of the data has provided validity of the research information collected (Yin, 2014). Dependability was ascertained by the consistency of the participant's responses during the interview process. The participant credibility was established based on their position as business administrators in their respective SAUs. Transferability was established by the working relationship and transfer of information from the participants to the researcher. Confirmability was established by the truth in practice of the accounting controls for budget preparation observed by the researcher.

Triangulation of the data has provided validity of the research information collected (Yin, 2014). The data from all sources was assessed, and the information was

cross-checked and the interpretation reviewed to verify accuracy (Rowley, 2012). The data used for triangulation was obtained from interviews, casual observation, and evaluation of the budget planning process of the SAUs (Bryman, 2008).

The overarching research question was as follows: *What strategies do SAU business administrators need for effective budget planning and execution?* The principal research question explored the responses to the following questions:

1. How does the requirement of a balanced budget create an appropriate accounting control in the operation of SAUs in New Hampshire?
2. What types of accounting controls are instituted internally to manage risk?
3. The objective of Governmental Accounting Standards Board (GASB) statement 54 is to enhance the usefulness of fund balance information. What procedural changes occurred after reviewing GASB 54?
4. GASB 34 integrates the governmental fund based accounting system with fiscal accountability to create more relevant information for decision making. How does GASB statement 34 assist you to follow accounting control procedures?
5. Who is responsible for review of SAU budget operations and what procedures do they follow?
6. What research is performed to explore budgets for future infrastructure and capital improvement opportunities?
7. What tools monitor, measure, and assess the investment in time, effort, and knowledge in the budget process at the SAU?



8. How much influence do the stakeholders have on the risk management processes used in the final budget process?
9. Is there anything else you would like to add that you may not have addressed in responding to the questions?

### **Reliability and Validity**

#### **Reliability**

Methodological triangulation is the use of multiple techniques for gathering data within a single study (Berg, Berg, & Lune, 2004). According to Drost, (2011) reliability referred to obtaining dependable results and the quality of measurement. The description of the methodology followed to ensure reliability and validity of the explanatory case study data was used. Qualitative reliability process researchers ensure the reliability of the data throughout the research cycle. The validity of the data in the process was used to ensure the accuracy of the data (Marshall & Rossman 2012; Yin, 2013).

The reliability of the research questions and the casual observation was valid by the unique responses generated. The research has generated questions in responses from participants and ensured the participants they can share information freely and comfortably (Marshall & Rossman 2012; Yin, 2013). The following practices from Marshall and Rossman (2012) and Yin (2013) are utilized to ensure quality and reliability:

- Identify the interviewees.
- Observations and reflections document systematically and categorized to preserve the accuracy of the original response.

- Determine the type of interview.
- Audio-tape the questions and answers.
- Take brief notes.
- Locate a quiet and suitable place.
- Use probes to obtain additional information.
- Use unbiased approaches.
- Be courteous and professional.

### **Validity**

The concept of validity refers to the accuracy of the results (Yin, 2014).

Researchers develop theories based on credibility, which was established to verify the trustworthiness of the study (Franco, 2012). Transferability, which was showing the findings have applicability in other contexts (Lincoln, Lynham, & Guba, 2011).

Dependability established consistent findings that can be repeated (Lincoln, Lynham, & Guba, 2011). Confirmability established neutrality so that the respondents shape the findings of the study and not by the researcher, or biases and prejudices to make assumptions based on existing research (Lincoln, Lynham, & Guba, 2011).

Validity was possible when conducting qualitative research, in conjunction with the interviews in qualitative case study research (Marshall & Rossman 2012; Yin, 2013). All research concerns were with the quality indicators of validity and reliability. The approach has allowed the observation and questioning of emergent themes of the participants for validation or comments, and additional perspectives on the themes. The internal and external validity of the study was dependent upon identifying and then

eliminating the biases and prejudices of the participants. The information and collection methods had designs to measure the appropriate data saturation point. Relevance was beneficial to evaluating the observations, designed questions and realistic trepidations. The financing of the study, the study's time frame, and the accessibility of information already available were reviewed before starting any new feasible data collection procedures (Gubrium et al., 2012).

### **Transition and Summary**

Section 2 defined the explanatory case study by revisiting the purpose statement and giving a description of the roles in the observation and data collection process. The study described the participants, and has provided a description of the population of the sample. The study was a description of the data collection instrument and techniques which organized and analyzed the data; finally, it has addressed the reliability and validity of the study. How business administrators balance the budget in the educational system was the objective of the case study. The casual observations and interviews of the participants in the study have comprised the data collection and have become the focus of reliability and validity. Eliminating the biases and prejudices was the principal obstacle.

The study was relevant because of relationships to the concept of explanatory research. If the business administrators responsible for the allocation of local educational funds were failing, then the state of New Hampshire cannot compete within a globalized economy. The future of budgeting educational services lay in the development of those SAU systems because without agents such as business administrators, the future of New Hampshire is in doubt (Romano, 2012). Section 3 contains an overview of the study

findings, the presentation of findings, application to professional practice, implications for social change, recommendations for action and further study, my reflections, a summary, and the study's conclusions.

### Section 3: Application to Professional Practice and Implications for Change

The purpose of this qualitative case study was to explore strategies for proper budget creation and execution in local SAUs in New Hampshire (Chen, Shu, & Burbey, 2014). An exploratory case study research design was applied to this study to explore the current business practices of the SAU business administrators to maintain a balanced budget and the actual application of accounting controls in each SAU. The strategies used by SAU business administrators to maintain accounting controls over their budgets were the procedural changes implemented, which reflected governmental standards in the budget and the review of budget operations by those responsible for its approval.

#### **Presentation of the Findings**

The central research question that guided this study was as follows: What strategies do SAU business administrators need for effective budget planning and execution? The main interview questions used to explore the central research question were the following:

- RQ1. How do annual balanced budget requirements create accounting controls?
- RQ2. How do GASB 54 and 34 procedural changes set standards for accounting controls?
- RQ3. How are budget operations approvals completed?

A conceptual theoretical framework was developed during the study, an understanding of budgets as primary controls in New Hampshire SAUs (New Hampshire State & Local 2014 Spending by Function, 2014). Agency theory was the framework for the study based on interviewing business administrators in New Hampshire SAUs who

act as community agents. Local governmental budget controls, such as budgets completed by the SAU business administrators, presume interactions between administrators and the public (Jensen & Meckling, 1976).

In this study, I concentrated on evaluating the state of New Hampshire requirement to balance the SAU budget annually (New Hampshire Department of Education, 2014). The accounting rules are established by the government accounting standards board (GASB). Every administrator followed GASB 54 and 34 and their objectives when preparing budgets in each SAU (New Hampshire Center for Public Policy Studies, 2014).

Seven professional business administrators and superintendents with budget formulation experience were interviewed to determine budget strategies, and their effectiveness, which were used to create a yearly budget in their SAU. Credential checking was completed through the New Hampshire association of school business officials (New Hampshire Association of School Business Officials, 2015).

Triangulation was obtained from interviews, casual observation of the budgets, and evaluation of the budget planning process of the SAUs.

The budget execution followed a similar format in six of the seven SAUs studied. The one difference was the approval of the balanced budget for the SAU. The majority of SAUs in New Hampshire are governed as an NH senate bill two (SB2) district. Seventy-three of 86 SAU districts, or 85% in New Hampshire, are governed as an SB2, which means they bypass a town meeting format for budget approval (New Hampshire Center for Public Policy Studies, 2014). One SAU district, participating in the study was

governed by a different format and received budget approval from their city council. Another difference, in final budget approval, was the size of the district's professional staffs to audit the budget process; if the staff was inadequate, some preliminary budget steps were not investigated completely.

Two concepts shaped the use of agency theory in the study, during the research of the literature review: collective investment and self-interest ideas. Business administrators exerted a top-down influence over other activities in the SAUs when accentuating the collective interest and persistence of the SAUs in completing community budgets. The mutual needs of the local stakeholders were transformational, but the activities of SAU organizations were guided by agency theory and self-interests. Leadership and communication between the business administrators and the public has helped resolve balanced budgeting problems (Desmarais-Tremblay, 2014). Problems within a community environment and the promotion of an advocacy plan to encourage collaboration on different actions are a part of agency theory (Brown, 2013).

The literature review of the fiduciary relationship between a local community and its agents or business administrators who allocate funding resources trace back to Walker (1926) and Wiseman and Gomez-Mejia (1948). The two agency problems in the study were the conflicts between different goals and objectives set by the community and their agents. The second issue was settling harmoniously the differences and then understanding the risk tolerance from each segments viewpoint.

In a study by Kiewiet and McCubbins (2014), the onset of a fiscal ice age was discovered where current tax revenues was found to purchase a lower-level of current

services. The budget verification of the shortage of revenues was presented in the study as the resources are not equal with those needed for a balanced budget. The SAUs and business administrators must become more efficient and effective in producing a yearly balanced budget.

The overarching research question for this doctoral study was what strategies do SAU business administrators use for effective budget planning and execution? Eight subthemes were revealed after careful analysis of the data. The eight subthemes were (a) how the requirement of a balanced budget created accounting controls, (b) the types of accounting controls instituted internally to manage risk, (c) the review of GASB 54 and its resulting changes in SAU procedures, (d) the review of GASB 34 and the implementation of accounting control procedures, (e) the responsibility for SAU budget operations and the procedures they followed, (f) research requirements for future capital and infrastructure improvements, (g) tools used to assess time and effort expended to complete the balanced budget process, (h) the influence of the stakeholders on the budget process, and (i) additional comments on the budget.

### **Balanced Budget Requirements and Appropriate Accounting Controls**

Balanced budget requirements and the creation of appropriate accounting controls in the operation of SAUs in New Hampshire were discussed with the participants. The accounting controls commented on by the study participants was in the use of accounting software and the school budget voted on by the citizens and city councils of their communities. The type of accounting software was varied; most of the products used were distributed by Tyler Technologies. The citizens and city councils vote to allocate a



certain amount of resources to the budget in each community. The study participants believed this was an accounting control because the business administrator cannot exceed the amount approved by the voters or city council.

### **The Types of Accounting Controls Instituted to Manage Risk**

Accounting controls instituted internally to manage risk were discussed by the participants. Encumbrance accounting controls are instituted to manage risk and include policies and procedures set by the school board in the community. The encumbrance system is in use as an accounting control in different manners. Controls included line items, which then allowed the transfer of funds if one account had excess funds and another was in a deficit. The encumbrance system in governmental accounting is the name given to funds, which have been reserved when a purchase requisition is finalized or encumbered. These funds are no longer available for use in other transactions and prevent overspending the budget. Encumbrances, tracked monthly, are also used to calculate cash expenditures in creating the budget plan. They allow a determination of what funds are still available by using the following formula:  $\text{Funds Available} = \text{Budget} - \text{Actuals} - \text{Encumbrances}$  (Encumbrances, 2015).

Internal accounting controls in SAUs are the financial processes and procedures that enable the organization to safeguard its assets. The most effective management mechanism to control risk was segregation of duties and by using monthly reports, which are completed by the business administrator to anticipate any budget shortfalls. The report analysis is a line item review and these reviews determine if any transfers are necessary to continue balancing the budget. Other accounting controls that became

problematic were professional staffing and the segregation of duties. The problem is the lack of resources available for competent personnel. The lack of resources creates a lack of segregation of duties, which is necessary for control amongst the staff at the SAUs and creates monitoring problems for the business administrators. Larger SAU districts can overcome the problem due to more resources; some cannot and it could become a problem in smaller venues.

### **Enhancing the Procedures and Usefulness of Fund Balance Information**

The discussion of the objectives of GASB 54 and the resulting usefulness of the fund balance information. GASB 54 classifies the constraints of a governmental budget; certain items are not spendable, such as fund balance inventories. GASB 54 also categorizes restricted, committed, assigned, and unassigned funds, which control how specific amounts can be spent.

The restricted fund balance category has amounts that can only be spent on purposes previously stipulated in the planning of the budget. The committed fund balance contains amounts that can only be determined by formal governmental, legislative action. In the assigned fund balance category, the amounts do not meet the criteria as restricted or committed funds. Other than the general fund, the assigned fund balance signifies the remaining amount not restricted or committed. The unassigned fund balance is the outstanding classification for the general fund and includes all amounts not contained in other classifications.

In other funds, the unassigned classification should only be used to report a deficit balance caused by overspending a specific purpose. Governmental units, such as SAUs,

are required to disclose information about the process of educational budgeting in each SAU district. Disclosure of the policies in the notes to the financial statements is required (Government Accounting Standards Board, 2015).

Prior to the implementation of GASB 54, with an effective date of June 15, 2010, the financial statements of the SAUs budget could not hold a balance from one period to the next. A future budget problem can be created; one example used by a participant concerned an absence of the need for instructors/teachers at the second grade level in the coming year. However, if the budget called for a reduction of instructors this year, the budget for the following year would need to be increased for new teachers. The reason for this is the future second-grade level, which is based on the current incoming first-grade class sizes. Without GASB 54 allowing the movement of fund balances from one year to the next, effective planning became an issue.

Another example of the improvements gained from GASB 54 is the establishment of a reserve fund. Reserves allow for a more favorable bond rating and lower interest rates from organizations such as Moody's, the bond-rating agency, for future capital improvements. The key aspect of GASB 54 is the improvement of financial reporting by providing fund balance categories, which are more understandable. The fund balance classification approach will require consistency regardless of the fund type; amounts can no longer be restricted in one fund and unrestricted in another. An effective understanding of the constraints imposed by the budget process and the use of available resources allows for a more effective budget process.

## **Governmental Standards and Decision-Making Information**

The integration of governmental fund-based accounting systems with fiscal accountability creates information for decision making. GASB 34 establishes financial reporting requirements for state and local governmental units in the United States. The purpose is to make annual reports more comprehensive and easier to understand. The first GASB concepts statement, in 1987, identified the most important objectives of governmental financial reporting and became a valuable accounting control (Government Accounting Standards Board, 2015).

GASB 34, instituted as of June 15, 1999, pointed towards a new set of objectives. These were Management Discussion & Analysis (MD&A), which requires extensive, time consuming analysis and compilation services from the business administrator. The time aspects are usually designated to outside auditing firms on a yearly basis. Governmental annual reports show the restrictions on the planned use of resources and budgets the revenues and expenditures of the entity for certain activities. Compliance with finance-related rules, laws, and regulations allow for an accurate assessment of the SAUs accountability. The financial statements report law requires information on the SAUs general fund. Prior to GASB 34, the fund information reported in the aggregate by fund type often made it difficult for users to assess accountability.

The budgets are a compilation of components from many stakeholders, and compliance is a part of the SAUs accountability. The requirement from GASB 34 that adds their original budget to the revised version allows for greater transparency and a

new analytical dimension. It will also allow users to assess the government's ability to estimate and manage its general resources.

The interviewed business administrators, from the SAUs, indicated that they were compliant with GASB 34 prior to its implementation. The key modification was in the completion of an MD&A analysis. The knowledge of the business administrators regarding their budgets was revealed in the annual report and its effectiveness and efficiency. The MD&A gives a more accurate and readable analysis of the SAUs performance for the year.

SAU financial statements, in conjunction with their districts statements, allow for a valuation of the district's finances. Included in the analysis is the year's operating result and determination if their position improved or deteriorated and if the original budget in a positive or deficit position. The budget also includes the cost of providing educational services to the community and if it was financed through federal, state, and local tax revenues. The financial statements and open decision-making process encourages public stakeholder participation. The budget process provides an understanding of how the SAU has invested in capital projects, such as new buildings, teaching equipment, and supplies.

The required supplementary information (RSI) in financial reporting standards for SAUs consists of the MD&A introduction and analysis of the financial activities. The basic financial statements include a statement of net assets and a statement of activities. The presentation of the components is reported in separate columns. The fiduciary activities, which are not available to finance the school district programs, are excluded

from the statements. Notes to the financial statements consist of information essential to the understanding of the basic statements. Included are RSI statements, which require budgetary comparison schedules according to GASB pronouncements and the reporting of infrastructure assets. SAU districts engaged in both governmental and business activities should report in this manner.

MD&A provides an objective analysis of the government's financial activities based on currently known facts, decisions, or conditions. The comparisons from the current year to the prior year are based on the SAU information. The purpose is to provide an analysis of significant changes, which occur in SAU funds and significant budget variances. It also describes the capital asset and long-term debt activity during the year. MD&A concludes with a description of currently known facts, decisions, or conditions, which are expected to have a significant effect on the financial position or results of operational activities.

The study participants felt the important reportable aspects of SAU statements included all capital and infrastructure assets, as well as the recognition of depreciation expenses, in the statement of activities. The net assets of the SAUs report in three categories, capital assets net of related debt, restricted (both expendable and nonexpendable) and unrestricted funds. The statement of activities reports direct expenses net of revenues for each SAU function, resulting in net revenue.

Separate fund financial statements present categories for SAU and proprietary funds. SAU fund statements comprise a balance sheet and a statement of revenues and expenditures, and changes in fund balances. Proprietary fund statements comprise net

assets, revenues, expenses, changes in the net asset fund, and a statement of cash flows, which are prepared using the direct method. Proprietary fund classifications are operating and nonoperating revenues and expenses and current or noncurrent assets and liabilities.

The SAUs also present a summary reconciliation in a supplementary agenda. The fund balances being segregated into reserved and unreserved categories. Internal fund activities such as loans, services provided and used and transfers are reported separately in fund financial statements. RSI budgets include comparison schedules for the general fund and any special revenue funds. The budget composition is original and final appropriation budgets for the reporting period (Government Accounting Standards Board, 2015).

#### **Evaluating the budget operation procedures.**

The review of the SAU budget operations and the procedures followed by the business administrators were consistent. The participants did deviate slightly in their responses, but felt the process was similar. The budget began with the stakeholders, the professional staff, para-educators, and teachers. The information was then passed on to the middle managers, the department heads, and the principals of the schools in their SAU districts. They formulated their thoughts on a new yearly budget and passed it on to the business administrator and superintendent of schools for the district. Depending on the district, and if they had a budget committee it was referred to the committee for review and then passed on to the local school board. After reviewing the budget, the school board approves and the budget is placed on the election ballot to be voted on by

the community. In the case of the districts, not using SB2, it would be sent to the City Council for approval.

Six of the seven SAU participant districts, in the study, were known as SB2 school districts. RSA 40:13, Senate Bill 2 (Official Ballot Referenda) is a form of town meeting, which has two sessions (New Hampshire Revenue Administration, (2015)). The first session (deliberative session) is for explanation, discussion, debate and amendments to the proposed operating budget and warrant articles. The second session (voting session) allows voters to cast an official ballot to pass/fail proposed items in operating budget and warrant articles. The voter has the power to vote yes or no to what the deliberative session decided, but not to alter it (New Hampshire Center for Public Policy Studies, 2014).

The participants commented on the main purpose of the SB2 directive was to replace the town meeting concept used in New Hampshire because it had become impractical, particularly in large and growing communities. No system is perfect or without its issues and balancing effective budget strategies at SAU districts can only be accomplished if the communities are informed and engaged. The community can make adjustments to SB2 by charter revision. One of the studies participant communities did make an adjustment, which only allowed those present in deliberative session to amend warrant articles if there is a quorum of the jurisdiction's registered voters present. The result is only the voters who approve or reject the SAU budget in their district.



**Budgeting for future improvements.**

The procedures followed to budget future infrastructure and capital improvement requirements were discussed with the study contributors. The participants indicated making decisions on future new buildings were complicated because of the variables in revenues received and the expenditures to create those revenues. Net present value analysis and the future benefit of capital projects vary as to time frame and then requesting a municipal bond to finance its construction. The participants commented the procedure was all a part of a strategic capital improvements plan, some as long as 10 years and others as short as three years. Participants indicated they had numerous trusts, both maintenance, and reserve, established for future capital improvements. All of the trusts were subject to yearly review and adjustment as the budget amounts for SAU operation was changed by the voters and government agencies.

Multiple participants indicated the capital projects were evaluated and alternatives identified by using a scenario analysis. The analysis consisted of the participants considering each variable forecasted, such as future school populations and resources available from local sources and then specify their probability. Multiple participants indicated a simplistic Gantt chart, to monitor project progress and a decision tree to change direction to prevent future problems were also used to evaluate capital improvement projects.

**How to assess the investment in the budget process.**

What were the tools used to monitor, measure, and assess the investment in time and effort used in the budget process at the SAUs. The majority of the participants in the study use a performance evaluation methodology to provide an open communication forum between themselves and the community stakeholders. The interviewees indicated they did not start with a zero-based budget, but added and deleted as needed from line items in the budget. A zero-based budget starts with no pre-authorized funds available; when used to create budgets and operating plans, it usually is in a labor and time-intensive manner. The zero-based budget builds the budget each year and then justifies the expenditures (Zero based budgeting and local government, 2015).

One of the other methods used is a service based budget, which changes the budget discussion to one of concepts and priorities, rather than a detailed conversation concerning minutiae. The budget discussed by the school board before it goes to the voters should comprise the services it needs to deliver and at what level of service. It further has a discourse on where changes could be made to match the budget to the SAU district's needs (Alesani, 2012).

The accounting software used by the SAU business administrator acts as an accounting control and a monitor of the time spent on effectively preparing the budget. The expectation is the business administrator will go over the budget line item by line item. One of the purposes of this is preparation to discuss the budget with the stakeholders from the community. Another measure of the time and effort in budget planning is the human element as exhibited by the professional staff which assists in

budget planning. Smaller SAU districts have a lack of resources and cannot hire enough planning staff to prepare effective annual budgets, which requires the business administrator to spend more time on budget research.

SAU capital planning and budgeting is a complex process characterized by uncertain long-term projections, political pressures, shortage of resources and demands on a wide range of expertise, which requires both operational and financial knowledge. Structuring a balanced budget plan requires the coordination of information, analyzation of the alternatives, and then building a consensus. Plans must remain flexible as needs and resources change. How to efficiently manage the capital improvements budget lifecycle while encompassing all factors into consideration is one of the major challenges encountered by business administrator professionals. Proper tools are required for dynamically managing processes and accumulating information. The risk of making large investments for the wrong project at the wrong time is existent.

**Stakeholder influence on the budget process.**

The participant's specified the extent of influence the stakeholders had on the processes used to reach the final SAU budget. The study contributors felt there was a significant amount of impact received from the community. The professional staff had important input based on the continuation of their livelihood in the SAU. Teacher/instructors pay on average, including benefits, \$50,000-100,000 per budget year. The human resources portion of the SAU budget was usually 70% of the total for salary and benefits. SAU districts, except one, taking part in the study are designated as SB2. The description means business administrators have a deliberative question and answer

session with the community before the voters pass the SAU budget. The district which is not SB2 must answer questions from the city council before budget approvals are granted.

Business administrators participating in the study believed the basis of their influence was on the transparency of the budget to the community. The development of the budget is predisposed by various community needs and state and federal regulations, which must be followed by the SAU. After laying out the capital improvements and operational plan for the next school year, it must be explained to all of the stakeholders. Training completed by the professional staff on how to access the budget to determine their spending requests for the year, and updates to the SAU websites for the community is necessary for transparency compliance.

One of the key aspects of the SAU business administrator position is to develop a sense of trust with the stakeholders. The trust is necessary because there are occasions where emergencies arise and funds must be taken from reserve accounts to solve the issue. The last school year, 2014-2015, was a prolific example, due to the excess snowfall roofs needed to be cleaned of excess snow to prevent structural damage. On occasion, there could have been structural damage, which must be immediately corrected due to the safety of the students. These are not voting issues for the public but can lead to transparency questions in the next budget and future bond issues.

Another issue brought up by special interest groups in the community is special needs students and the resources spent on their education. The regulations from the federal government require all special needs students have an Individual Education Plan

(IEP) completed before beginning their education. The studies conducted on spending per pupil in New Hampshire as compared with the United States indicated the state was thirteenth in the country (Per pupil spending by the school district in the United States, 2012). However, there was no specific study conducted regarding financing special needs students in New Hampshire. The business administrators in preparing their annual budget fund the mandates from the federal government on special education.

Further inquiries of the participating business administrators asked if they would like to add to what was addressed in the previous discussion. The majority said no, they believed their statements were complete on the efficient strategies used in developing a budget for their SAU district. Numerous participants stated there was competition to the public school system from charter schools. Part of the issue was financing, the approximate SAU district per pupil cost per school year was \$16,000.00 and the charter school spent \$10,000.00 per student. The discrepancy was created by the salary and benefits paid by their district, as well as extra-curricular activities.

### **Application to Professional Practice**

The study has multiple applications to the professional practice of budget planning and application. These applications include improving the efficiency and effectiveness of the business administrators in preparing a legally required balanced budget each year. The investigation into the business administrator's procedures was necessary to ascertain if the budget was planned and executed efficiently. The requests by the stakeholders for various budget allocations are numerous. The overall objectives of each SAU district must be considered when planning the budget requests. A cost-

benefit analysis procedure has evolved into a decision-making model applied to human resource management, administrative and infrastructure functions.

Each budget year there are new contracts from human resources for professional staff. Business administrators receive licenses from the state of New Hampshire. They are required to have the knowledge and understand best practices in school finance and budget preparation. Other areas of expertise required by the position include personnel relations and contract management (New Hampshire Association of School Business Officials, 2015).

### **Implications for Social Change**

The implications for positive social change include the potential to improve the community's yearly educational budget process. Each fiscal year communities must provide, by law, the funds to provide an education for those persons within their boundaries. Creating more efficiencies and an effective process to budget for the funding of K-12 education will assist in reducing the taxation burden on the community. The effect on the risk management process, derived from the findings will determine what future resources are needed to maintain the current system. The development of the organizational structure of the SAU districts in New Hampshire could be another positive change. The benefit of the study was improved by analysis of the balanced budget framework and the modifications which could result to enhance the process. The current structure is the link between the stakeholders and professional staff to the business administrator. After the budget planning is completed, the district superintendent reviews

the proposal. The business administrator and superintendent then conduct an explanation or deliberative session of the budget, and the final proposal presentation to the voters.

The improvement lies in the process; the continuous review by the business administrators can make budgets more efficient and effective. Pronouncements from GASB have improved the governmental budget process over the last decade. GASB allowed for a more inclusive budget because it can now have escrowed and encumbrance accounts. New GASB pronouncements could lead to social change as it will affect the beliefs and behaviors of the SAU business administrators.

The improvement of the SAUs decision-making process needs to be completed to generate greater transparency for the stakeholders. The allocation of federal, state and tax payer's fiscal investment into projects or programs is necessary to support the adequate education of the community. Recommended changes in the budget process of the local SAUs will assist the community to maintain its competitive advantage through accounting controls. Business administrators allocate funding to the initiatives that will best serve the interests of the community and protect the taxpayer's investments. In promoting social change and balancing budgets, the SAU business administrator promotes the future of the community.

### **Recommendations for Action**

The expectation of the results of this doctoral study will be published and cited by future researchers. The expectation is it will be on the website for the NH association of school business officials (NHASBO). I recommend the business leaders take the following actions. First, concluding from the participant interviews the SAU budgeting

system ensures the achievement of the school's objectives. Further, a proper budget compels the principal and school bursar to properly plan their spending procedures more effectively. The budget also provides a framework for responsible accounting controls and documentation of revenues and expenditures. Second, the creation of a more efficient budget framework would benefit the SAUs and then lead to establish a standardized cost-benefit analysis structure. Third, a standardized accounting control system would be an improvement and assist in distributing the SAU resources.

Finally, the study affects the business administrators, in the individual SAUs. The majority of the public does not understand the budget process and how fluctuating budgets would create the raising and lowering of local property taxes. Annually the SAU budget must be balanced; the objectives of the relevant GASB pronouncements must be followed in each year's budget. A standardized budget and accounting control system would streamline the SAU budget process.

A final recommendation is to explore the benefits of implementing a central training session for the professional staff. Currently in existence is the New Hampshire association of school business officials (NHASBO), which is a non-profit organization formed for the purpose of improving the business administration in New Hampshire SAUs. The organization provides a central training site for continuing education in administrative practice, law, methodology and management of school business affairs. Funding by the state would facilitate a central automated database, which would allow business administrators to review new software products by new vendors. The lessons learned from other SAU business administrators, to refine proposed initiatives will assist



to manage effectively and create a balanced budget (New Hampshire Association of School Business Officials, 2015).

### **Recommendations for Further Research**

I would recommend a further mixed methods research study of all the SAUs to determine if a budget strategy followed by all of the 86 units could make it more efficient. Another recommendation in the SAU was to determine if a larger professional staff would create a more effective process in the implementation of balancing the budget. Therefore a study to determine whether improving the accounting controls with budgeting software that allows quantifiable measurement will assist the business administrators. The current controlling software, used in most SAUs, are programs from Tyler Technologies Inc., from Plano, Texas. The products/school-solutions, under different titles, provide integrated information management solutions and services for the public sector with a focus on local governments in the United States.

Tyler School Solutions empower K-12 schools to bridge the information between their departments with integrated school district management software (Tyler Technologies, 2015). Customized software, used in each SAU district, would increase the efficiency and accounting controls of the business administrator and execution of the balanced budget. Included in that study would be an analysis of how further training, of the professional staff and business administrators, would increase efficiency.

### **Reflections**

The experiences in the DBA Doctoral Study process revealed no personal biases from the researcher. No preconceived ideas prejudiced the results of the study. The

researcher's assessment was not influenced by preconceived values he had prior to the study. To the best of the researcher's knowledge, there was no undue influence on the participants in the study.

The researcher had no changes in thought process after the study was completed. Initially, the researcher believed the system was wasteful and there was too much emphasis on taxing the local property owner, in each community. After the study was completed, the current system appeared to be inefficient and dysfunctional based on a lack of uniformity in each of the 86 SAU units in New Hampshire. The researcher believes there was a need for more transparency and knowledge to be revealed to the public.

### **Conclusion**

This doctoral study determined the strategies used by business administrators within an SAU unit, in New Hampshire. The responsibility to conduct effective budget planning analysis, and determine the necessary metrics, which can support formalizing a budget execution assessment within the current process, was studied. The conclusion of this doctoral study was designed to promote social change in the form of fiscal stewardship and more efficient accounting controls.

The SAUs in New Hampshire are undergoing constant change in the balanced budget formulation process and infrastructure acquisition system. The federal and state governments contribute a minimum amount towards all students under 16 which are mandated to attend school. The local taxpayer pays the balance. The improvement of the budgeting system lies in an increase in effectiveness. To become more effective in

budget planning and execution, the business administrator must receive more support from their professional staff. The professional staff is more efficient and effective with further training, which will then develop into a more efficient budget process.

Eventually, restrictions on future budget formulations from the state of New Hampshire will force the SAUs to evaluate current acquisition policies and fiscal operating procedures. The business administrators will need to evaluate its infrastructure investments, contract selection process, and funding priorities to meet the state and local taxpayer fiscal restraints. The SAUs will have to incorporate new continuous business processes to standardize current decision-making variables and exploit acquisition professionals' innovation to support best the stakeholder investments.

## References

- Acosta, G. M. (2012). *A review of the department of the army's decentralized cost benefit analysis process* (Doctoral dissertation). Retrieved from ProQuest Digital Dissertations. (UMI No.1095358260).
- Alesani, D. (2012). Rethinking budgeting as a continuous process. *Public Administration Review*, 72, 885-886. doi:10.1111/j.1540-6210.2012.02644.x
- Alessandri, T. M., & Pattit, J. M. (2014). Drivers of R&D investment: The interaction of behavioral theory and managerial incentives. *Journal of Business Research*, 67(2), 151-158. doi.10.1016/j.jbusres.2012.11.001
- Alho, J. M. (2014). Forecasting demographic forecasts. *International Journal of Forecasting*, 30, 1128-1135. doi.10.1016/j.ijforecast.2014.02.005
- Aligned Delegation. (2014). *American Economic Review*, 104(1), 66-83. doi:10.1257/aer.104.1.66
- Allen, R. (2011). Legislatures and the budget process: The myth of fiscal control – by Joachim Wehner. *Governance*, 24, 619-621. doi:10.1111/j.1468-0491.2011.01538\_2.x
- Almog-Bar, M., & Schmid, H. (2014). Advocacy activities of nonprofit human service organizations: A critical review. *Nonprofit and Voluntary Sector Quarterly*, 43, 11-35. doi:10.1177/0899764013483212
- American Society of Civil Engineers. (2014). Retrieved from <http://www.infrastructurereportcard.org/>
- Anessi-Pessina, E., Sicilia, M., & Steccolini, I. (2012). Budgeting and rebudgeting in

- local governments: Siamese twins. *Public Administration Review*, 72, 875-884.  
doi:10.1111/j.1540-6210.2012.02590.x
- Arsen, D., & Ni, Y. (2012). The effects of charter school competition on school district resource allocation. *Education Policy Analysis Archives*, 48, 3-38.  
doi:10.1177/0013161X11419654
- Attmore, R. H. (2012). Why deferrals make sense in the government environment. *Journal of Government Financial Management*, 61(2), 8-9.  
<http://www.agacgfm.org/>
- Aven, T., & Zio, E. (2014). Foundational issues in risk assessment and risk management. *Risk Analysis*, 34, 1164-1172. doi:10.1111/risa.12132
- Balint, P. J., & Conant, J. K. (2013). The environmental protection agency's budget from 1970 to 2010: A lifecycle analysis. *Public Budgeting & Finance*, 33(4), 22-42.  
doi:10.1111/j.1540-5850.2013.12023.x
- Behbehanian, L., & Burawoy, M. (2014). Appendix: Global pedagogy in a digital age. *Current Sociology*. Advance online publication. doi:10.1177/0011392113515799
- Berg, B. L., Lune, H., & Lune, H. (2004). *Qualitative research methods for the social sciences* (Vol. 5). Boston, MA: Pearson.
- Berle, A. A., & Means, G. (1932). *The modern corporation and private property*. New York, NY: Harcourt, Brace, & World.
- Boateng, N. (2014). Does public expenditure management matter for education outcomes? *Development Southern Africa*, 31, 535-552.  
doi:10.1080/0376835X.2014.906299

- Bohanon, C. E., Horowitz, J. B., & McClure, J. E. (2014). Saying too little, too late: Public finance textbooks and the excess burdens of taxation. *Econ Journal Watch*, 11(3), 277-296. Retrieved from <http://econjwatch.org/>
- Boyd, D. P. (2011). Lessons from turnaround leaders. *Strategy & Leadership*, 39(3), 36-43. doi:10.1108/10878571111128801
- Bower, C. B. (2013). Social policy and the achievement gap: What do we know? Where should we head? *Education and Urban Society*, 45, 3-36. doi:10.1177/0013124511407488
- Brimley, V., Verstegen, D., & Garfield, R. (2012). *Financing education in a climate of change* (11th ed.). Boston, MA: Pearson Publishers.
- Brown, C. A. (2013). Budgeting: Politics and power. *Public Budgeting & Finance*, 33(1), 135. doi:10.1111/j.1540-5850.2013.12006.x
- Bryman, A. (2008). Of methods and methodology. *Qualitative Research in Organizations and Management*, 3, 159-168. doi:10.1108/17465640810900568
- Buchanan, N. H. (2011). Good deficits: Protecting the public interest from deficit hysteria. *Virginia Tax Review*, 31(1), 75-133. Retrieved from <https://pages.shanti.virginia.edu/virginiataxreview/>
- Business Administrator Certification. (2014). Retrieved from <http://www.education.nh.gov/certification/index.htm>
- Burgess, D. F. (2013). Reconciling alternative views about the appropriate social discount rate. *Journal of Public Economics*, 979-1017. doi:10.1016/j.jpubeco.2012.08.009

- Burman, L. E., & Phaup, M. (2011). Tax Expenditures and Government Size and Efficiency. *Public Finance Review*, 41, 721-754. doi:10.1177/1091142113493655
- Caiden, N. (2011). The unruly world of public budgeting. *Public Budgeting & Finance*, 31(4), 148-155. doi:10.1111/j.1540-5850.2011.00997.x
- Caperchione, E., Salvatori, F., & Benghi, E. (2014). New development: Where there's a will, there's a way acting beyond cutbacks. *Public Money & Management*, 34(2), 135-147. doi:10.1080/09540962.2014.887546
- Chen, Y., Shu, L., & Burbey, T. J. (2014). An integrated risk assessment model of township-scaled land subsidence based on an evidential reasoning algorithm and fuzzy set theory. *Risk Analysis*, 34(4), 656-669. doi:10.1111/risa.12182
- Chenok, D. (2014). Modernize the budget process to reflect technology realities. *Public Manager*, 43(2), 59-62. Retrieved from <http://www.astd.org/>
- Chernenko, S., Foley, C. F., & Greenwood, R. (2012). Agency costs, mispricing, and ownership structure. *Financial Management*, 41(4), 885-914. doi:10.1111/j.1755-053X.2012.01214.x
- Chingning, W., & Kaarst-Brown, M. L. (2014). The IT compensation challenge: Theorizing the balance among multi-level internal and external uncertainties. *Journal of the Association for Information Systems*, 15(3), 111-146. Retrieved from <http://aisel.aisnet.org/jais/>
- Cox, A. M. G., Hobson, D., & Obiój, J. (2014). Utility theory front to back inferring utility from agents' choices. *International Journal of Theoretical & Applied Finance*, 17(3), 1-44. doi:10.1142/S0219024914500186

- Cox, P. (2011). Master budget project: What if? *Strategic Finance*, 93(6), 54-55.  
Retrieved from [http://www.imanet.org/ima\\_home.aspx](http://www.imanet.org/ima_home.aspx)
- Cox, P. (2012). Master budget project: Creating a scalable process. *Strategic Finance*, 93(9), 62-63. Retrieved from [http://www.imanet.org/ima\\_home.aspx](http://www.imanet.org/ima_home.aspx)
- D'Aquila, J., M., & Houmes, R. (2014). COSO's updated internal control and enterprise risk management frameworks. *The CPA Journal*, 84(5), 54-59. Retrieved from <http://www.cpajournal.com/>
- Darby, D. (2011). Adequacy, inequality and cash for grades. *Theory and Research in Education*, 9, 209-232. doi:10.1177/1477878511419555
- Darden, E. C., & Cavendish, E. (2012). Achieving resource equity within a single school district: Erasing the opportunity gap by examining school board decisions. *Education and Urban Society*, 44, 61-82. doi:10.1177/0013124510380912
- Denning, S. (2011). The reinvention of management. *Strategy & Leadership*, 39(2), 9-17. doi:10.1108/1087857111111428
- Desmarais-Tremblay, M. (2014). Normative and positive theories of public finance: Contrasting Musgrave and Buchanan. *The Journal of Economic Methodology*, 21(3), 273-284. doi:10.1080/1350178X.2014.939690
- Dominic, A. D., & Smith, S. D. (2014). Rethinking construction cost overruns: Cognition, learning, and estimation. *Journal of Financial Management of Property and Construction*, 19(1), 38-54. doi:10.1108/JFMPC-06-2013-0027
- Drost, E. A. (2011). Validity and reliability in social science research. *Education Research and Perspectives*, 38, 105-124. Retrieved from <http://erpjournal.net>



- Dugal, N. B. (2011). *Allocation of resources to improve student achievement* (Doctoral dissertation). Retrieved from ProQuest Digital Dissertations. (UMI No. 3466079)
- Dutta, S., Lawson, R., & Marcinko, D. (2012). Paradigms for sustainable development: Implications of management theory. *Corporate Social - Responsibility and Environmental Management*, 19(1), 1-19. doi.10.1002/csr.259
- Dziemianowicz, R. (2014). Independent fiscal institutions as a tool of fiscal governance. *Equilibrium*, 9(1), 59-70. doi.10.12775/EQUIL.2014.004
- Ellis, L., Haldane, A., & Moshirian, F. (2014). Systemic risk, governance and global financial stability. *Journal of Banking & Finance*, 45, 175-181. doi.10.1016/j.jbankfin.2014.05.018
- Encumbrance Approval Systems. (2015). Retrieved from [http://www.subboard.com/accounting/\\_pdf/manual/05+05\\_1\\_Encumbrance\\_Approval\\_System.pdf](http://www.subboard.com/accounting/_pdf/manual/05+05_1_Encumbrance_Approval_System.pdf)
- Encumbrances. (2015). Retrieved from <http://cnc.ucr.edu/encumbrances/vans>,
- Evans, L., Thornton, B., & Usinger, J. (2012). Theoretical frameworks to guide school improvement. *NASSP Bulletin*, 96, 154-171. doi:10.1177/0192636512444714
- Facin Lavarda, C., & Mendes Almeida, D. (2013). Budget participation and informational asymmetry: a study in a multinational company. *Brazilian Business Review (English Edition)*, 10(2), 72-94. Retrieved from <http://www.bbronline.com.br/>
- Fama, E. F. (1980). Agency problems and the theory of the firm. *Journal of Political Economy*, 88(2), 288-307. Retrieved from

<http://www.press.uchicago.edu/ucp/journals/journal/jpe.html>

- Finley, W., & Waymire, T. R. (2013). Thinking practice: Iteration, peer review, and policy analysis in a governmental accounting class. *Journal of Accounting Education, 31*(3), 333-349. Retrieved from <http://www.journals.elsevier.com/journal-of-accounting-education/>
- Franco, F. (2012). Interviews - learning the craft of qualitative research interviewing [Review of the book *Interviews: Learning the craft of qualitative research interviewing*, by S. Kvale and S. Brinkmann]. *European Accounting Review, 21*(1), 186-189. doi:10.1080/09638180.2012.675165
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Boston, MA: Pitman.
- Freeman, R. E. (1999). Divergent stakeholder theory. *Academy of Management Review, 24*(2), 233-236. doi:10.5465/AMR.1999.1893932
- Gomez, J. J., Insua, D., Lavin, J. M., & Alfaro, C. C. (2013). On deciding how to decide: Designing participatory budget processes. *European Journal of Operational Research, 229*(3), 743-750. doi:10.1016/j.ejor.2013.03.035
- Gonzalez, A. (2010). *School-level resource allocation to improve student achievement* (Doctoral dissertation). Retrieved from ProQuest Digital Dissertations. (UMI No. 3403570)
- Government Accounting Standards Board. (2015). Retrieved from <http://gasb.org/>
- Grigoli, F., & Mills, Z. (2014). Institutions and public investment: An empirical analysis. *Economics of Governance, 15*(2), 131-153. doi:10.1007/s10101-013-0137-y

- Grubbs, M. R., & Taylor, P. A. (2013). Who has the most skin in the game? A stake owner theory of tenure. *Academy of Educational Leadership Journal*, 17(2), 121-133. Retrieved from <http://alliedacademies.org/public/Journals/JournalDetails>.
- Guangdi, C., & Fulwood, C. (2013). An agency theory approach to sovereign debt crisis. *International Journal of Business & Finance Research (IJBFR)*, 7(5), 123-134. Retrieved from <http://www.theibfr.com/ijbfr.htm>
- Gubrium, J. F., Holstein, J. A., Marvasti, A. B., & McKinney, K. D. (Eds.). (2012). *The Sage handbook of interview research: The complexity of the craft*. Thousand Oaks, CA: Sage.
- Guo, H., & Neshkova, M. I. (2013). Citizen input in the budget process: When does it matter most? *American Review of Public Administration*, 43(3), 331-346. doi:10.1177/0275074012443588
- Haas, T., & Olsson, K (2014). Transmutation and reinvention of public spaces through ideals of urban planning and design. *Space and Culture*, 17, 59-68. doi:10.1177/1206331213493855
- Haller, C., & Faulkner, G. (2012). Participatory budgeting in Denver, Colorado. *National Civic Review*, 101(3), 23-25. doi:10.1002/ncr.21083
- Hansen, A. M. W. (2013). Bridging theory and practice: Occupational justice and service learning. *Work: A Journal of Prevention, Assessment and Rehabilitation* 45, 41-58. doi:10.3233/WOR-131597
- Hanusch, M., & Magleby, D. B. (2014). Popularity, polarization, and political budget cycles. *Public Choice*, 159(3-4), 457-467. doi:10.1007/s11127-012-0055-5

- Heath, J. (2009). The uses and abuses of agency theory. *Business Ethics Quarterly*, 19, 497-528. Retrieved from <http://secure.pdcnet.org/beq>
- Heinle, M. S., Ross, N., & Saouma, R. E. (2014). A theory of participative budgeting. *Accounting Review*, 89(3), 1025-1050. doi:10.2308/accr-50686
- Hellowell, M., Vecchi, V., & Caselli, S. (2015). Return of the state? An appraisal of policies to enhance access to credit for infrastructure-based PPPs. *Public Money & Management*, 35(1), 71-78. doi:10.1080/09540962.2015.986896
- Hirshman, G. (2012). Raising taxes to balance the budget in eight western countries. *Atlantic Economic Journal*, 40(1), 105-107. doi:10.1007/s11293-011-9299-6
- Houck, E. A. (2011). Intra-district resource allocation: Key findings and policy implications. *Education and Urban Society*, 43, 271-295. doi:10.1177/0013124510380234
- Howell, D. K. (2013). *Strategies for sustaining motivation among front-line leaders: An exploratory case study* (Doctoral dissertation). Retrieved from ProQuest Dissertations & Theses database. (UMI No. 3560761).
- Hunt, B. (2011). Publishing qualitative research in counseling journals. *Journal of Counseling and Development*, 89, 296-300. doi:10.1002/j.1556-6678.2011.tb00092.x
- Jensen, M., & Meckling, W. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics* 3(4) 305–360. doi:10.1016/0304-405X(76)90026-X

- Johansson, T., & Siverbo, S. (2014). The appropriateness of tight budget control in public sector organizations facing budget turbulence. *Management Accounting Research*, 25(4), 271-283. doi.10.1016/j.mar.2014.04.001
- Joharji, G., & Willoughby, J. (2014). The Saudi Arabian budgeting system: an institutional assessment. *Public Administration & Development*, 34(1), 63-80. doi.10.1002/pad.1608
- Johnson, M. (2014). Progressivism and academic, public finance, 1880 to 1930. *History of Political Economy*, 46(1), 1-67. doi.10.1215/00182702-2398912
- Jones, C. (2011). *The lottery and its financial contribution to public education in America*. (Doctoral dissertation). Retrieved from ProQuest Digital Dissertations. (UMI No. 3461921)
- Kadan, O., & Liu, F. (2014). Performance evaluation with high moments and disaster risk. *Journal of Financial Economics*, 113(1), 131-155. doi.10.1016/j.jfineco.2014.03.006
- Kearns, K. P., Bell, D., Deem, B., & McShane, L. (2014). How nonprofit leaders evaluate funding sources: An exploratory study of nonprofit leaders. *Nonprofit and Voluntary Sector Quarterly*, 43, 121-143. doi:10.1177/0899764013483212
- Kena, G., Aud, S., Johnson, F., Wang, X., Zhang, J., Rathbun, A., Wilkinson-Flicker, S., and Kristapovich, P. (2014). *The Condition of Education 2014 (NCES 2014-083)*. U.S. Department of Education, National Center for Education Statistics. Washington, DC. Retrieved from <http://nces.ed.gov/pubsearch>
- Kiewiet, D., & McCubbins, M. D. (2014). State and local government finance: The new

fiscal ice age. *Annual Review of Political Science*, 17, 105-122.

doi:10.1146/annurev-polisci-100711-135250

Kilfoyle, E., & Richardson, A. J. (2011). Agency and structure in budgeting: Thesis, antithesis, and synthesis. *Critical Perspectives on Accounting*, 22(2), 183-199.

doi:10.1016/j.cpa.2010.06.013

Killian, L. (2013). The budgetary interview: Intentional learning for students in governmental and non-profit accounting. *Journal of Accounting Education*, 31(3), 350-362. doi:10.1016/j.jaccedu.2013.04.001

Kim, S., & Schachter, H. (2013). Citizen participation in the budget process and local government accountability. *Public Performance & Management Review*, 36(3), 456-471. Retrieved from <http://www.jstor.org/>

Kingston, G., & Weng, H. (2014). Agency theory and financial planning practice. *The Australian Economic Review*, 47(3), 290-322. doi:10.1111/1467-8462.12053

Kioko, S. N. (2011). Structure of State-Level Tax and Expenditure Limits. *Public Budgeting & Finance*, 31(2), 43-78. doi:10.1111/j.1540-5850.2011.00979.x

Krawitz, N. (2012). Commentary on 'Defining and achieving normative democratic values in participatory budgeting processes'. *Public Administration Review*, 72(1), 66-67. doi:10.1111/j.1540-6210.2011.02515.x

Lambert, V., Glacken, M., & McCarron, M., (2011). Employing an ethnographic approach: Key characteristics. *Nurse Researcher*, 19, 17-23. Retrieved from <http://www.alliedacademics.org/public/journals/JournalDetails.aspx>

- Lamé, G., Lequien, M., & Pionnier, P. (2014). Interpretation and limits of sustainability tests in public finance. *Applied Economics*, 46(6), 616-628.  
doi.10.1080/00036846.2013.861587
- Lapsley, I., Midwinter, A., Nambiar, T., & Steccolini, I. (2011). Government budgeting, power and negotiated order. *Management Accounting Research*, 22(1), 16-25.  
doi.10.1016/j.mar.2010.10.009
- Lee, J. (2013). The administrative broker: Bureaucratic politics in the era of prevalent information. *American Review of Public Administration*, 43, 690. Retrieved from <http://arp.sagepub.com/>
- Lei, Q., Lin, B., & Wei, M. (2013). Types of agency cost, corporate governance and liquidity. *Journal of Accounting and Public Policy*, 32(3), 147-166.  
doi.10.1016/j.jaccpubpol.2013.02.008
- Leider, J. P., Resnick, B., Kass, N., Sellers, K., Young, J., Bernet, P., & Jarris, P. (2014). Budget and priority setting criteria at state health agencies in times of austerity: A mixed-methods study. *American Journal of Public Health*, 104(6), 1092-1099.  
doi:10.2105/AJPH.2013.301732
- Lincoln, Y. S., Lynham, S. A., & Guba, E. G. (2011). Paradigmatic controversies, contradictions, and emerging confluences revisited. *The Sage handbook of qualitative research*, 4, 97-128. Retrieved from <https://www.uncg.edu/hdf/facultystaff/>
- Maher, C. S., & Deller, S. C. (2013). Assessing the relationship between objective and subjective measures of fiscal condition using government-wide statements. *Public*

- Budgeting & Finance*, 33(3), 115-136. doi:10.1111/j.1540-5850.2013.12017.x
- Manna, P., & Harwood, T. (2011). Governance and educational expectations in the U.S. states. *State Politics & Policy Quarterly*, 11, 483-509.  
doi:10.1177/1532440011421302
- Marlowe, J. (2013). Strategy, priority-setting, and municipal capital budget reform: Three cases from the great recession. *Journal of Public Budgeting, Accounting & Financial Management*, 25(4), 693-718. Retrieved from <http://www.gfoa.org/>
- Marshall, C., & Rossman, G. B. (2011). *Designing qualitative research* (5th ed.). London, England: Sage.
- Martí, C. (2013). Performance budgeting and accrual budgeting. *Public Performance & Management Review*, 37(1), 33-58. doi:10.2753/PMR1530-9576370102
- Melese, F. (2012). Program budgeting and the performance movement: The elusive quest for efficiency in government. *Political Science Quarterly*, 127(3), 514-516.  
doi:10.1002/j.1538-165X.2012.tb02303.x
- Mikesell, J. L., & Mullins, D. R. (2011). Reforms for improved efficiency in public budgeting and finance: Improvements, disappointments, and work-in-progress. *Public Budgeting & Finance*, 31(4), 1-30. doi:10.1111/j.1540-5850.2011.00998.x
- Mikesell, J. L. and Ross, J. M. (2014), State revenue forecasts and political acceptance: The value of consensus forecasting in the budget process. *Public Administration Review*, 74, 188–203. doi:10.1111/puar.12166
- Miles, P. (2013). *The relationship between social cognitive barriers and technology integration frequency in a northeastern school district*. (Doctoral dissertation).



Retrieved from ProQuest Digital Dissertations and Theses database. (UMI 3550367)

Mohney, S. (2014). *The perceptions of teachers and administrators of rural school art programs*. (Doctoral dissertation). Retrieved from ProQuest Dissertations and Theses database. (UMI 3617573)

Montgomery, M. C. (2014). *Impact of a rural alternative education program on student motivation and performance* (Doctoral dissertation). Retrieved from ProQuest Digital Dissertations. (UMI No. 1512435741).

Moustakas, C. (1994). *Phenomenological research methods*. Thousand Oaks, CA: Sage.

National Center for Education Statistics. (2015). Budgeting. Retrieved from [https://nces.ed.gov/pubs2004/h2r2/ch\\_3.asp](https://nces.ed.gov/pubs2004/h2r2/ch_3.asp)

National Center for Education Statistics. (2014). *The Condition of Education*. Retrieved from <http://nces.ed.gov/>

New Hampshire Association of School Business Officials. (2015). Retrieved from <http://nhasbo.org/>

New Hampshire Center for Public Policy Studies. (2014). *Education/School Finance*. Retrieved from <http://www.nhpolicy.org/topic>.

New Hampshire Department of Education. (2014). Retrieved from <http://www.education.nh.gov/data/financial.htm#tax>

New Hampshire Revenue Administration, (2015). Retrieved from <http://revenue.nh.gov/mun-prop/municipal/sb2-assistance.htm>

New Hampshire State & Local 2014 Spending by Function. (2014). Retrieved from

[http://www.usgovernmentsspending.com/New\\_Hampshire\\_state\\_spending.html](http://www.usgovernmentsspending.com/New_Hampshire_state_spending.html)

Niskanen, W. (1975). "Bureaucrats and Politicians," *Journal of Law and Economics*,

University of Chicago Press, 18(3), 617-643. Retrieved

from <http://www.journals.uchicago.edu/JLE/>

Nollenberger, K., Maher, C., Beach, P., & Mcgee, M. (2012). Budget priorities and

community perceptions of service quality and importance. *Journal of Public*

*Budgeting, Accounting & Financial Management*, 24(2), 255-277. Retrieved from

<http://www.pracademics.com/toc-jobafm.html>.

Novak, J. (2012). *Case study of K--12 public school superintendents having business*

*background and no teaching experience* (Doctoral dissertation). Retrieved from

ProQuest Dissertations. (UMI No. 1009735455).

Nussle, J. (2012). Perspectives on budget process reform. *Public Budgeting & Finance*,

32(3), 57-60. doi:10.1111/j.1540-5850.2012.01014.x

NVivo 10.0 research software for analysis and insight. (2014). Retrieved from

[http://www.qsrinternational.com/products\\_nvivo.aspx](http://www.qsrinternational.com/products_nvivo.aspx)

Ogbodo, I. (2014). *Effects of conflicts between developers, testers, and business analysts*

*on software development*. (Doctoral dissertation). Retrieved from ProQuest

Digital Dissertations and Theses database. (UMI 3620039)

O'Reilly, N., & Madill, J. (2012). The development of a process for evaluating marketing

sponsorships. *Canadian Journal of Administrative Sciences (John Wiley & Sons,*

*Inc.)*, 29(1), 50-66. doi:10.1002/cjas.194

Papenfuss, U. (2014). How (should) public authorities report on state-owned enterprises

for financial sustainability and cutback management - a new quality model.

*Public Money & Management*, 34(2), 115-122.

doi:10.1080/09540962.2014.887519

Pepper A., & Gore J., (2012). Behavioral agency theory: New foundations for theorizing about executive compensation. *Journal of World Business*. 47(3), 383-396.

doi:10.1177/0149206312461054

Pepper A., & Gore J., (2013). The economic psychology of incentives: An international study of top managers. *Journal of World Business*. 49(3), 289-464.

doi:10.1016/j.jwb.2013.07.002

Pendlebury, M., & Jones, R. (1983). Budget auditing in governmental organization's financed by taxation. *Journal of Business Finance & Accounting*, 10(4), 585-589.

Retrieved from [http://onlinelibrary.wiley.com/journal/10.1111/\(ISSN\)1468-5957/issues](http://onlinelibrary.wiley.com/journal/10.1111/(ISSN)1468-5957/issues)

Per pupil spending by school district in the United States. (2012). Retrieved from [http://educationbythenumbers.org/content/per-pupil-spending-by-school-district-in-the-united-states\\_57/](http://educationbythenumbers.org/content/per-pupil-spending-by-school-district-in-the-united-states_57/)

Preston, I. P. (2013). *The Effect of Immigration on Public Finances* (No. 1323). Centre for Research and Analysis of Migration (CReAM), Department of Economics, University College London.

Public education in New Hampshire. (2013). Retrieved from

[http://ballotpedia.org/Public\\_education\\_in\\_New\\_Hampshire](http://ballotpedia.org/Public_education_in_New_Hampshire)

- Radu, M. (2011). The Budgetary Process -- Reason for dissatisfaction. *Annals of the University of Petrosani Economics*, 11(4), 255-262. Retrieved from <http://www.upet.ro/annals/economics/>
- Ray, K., & Goldmanis, M. (2012). Efficient Cost Allocation. *Management Science*, 58, 1341-1356. doi:10.1287/mnsc.1110.1486
- Reynolds, C. C. (2014). State politics, tuition, and the dynamics of a political budget cycle. *Empirical Economics*, 46(4), 1241-1270. doi:10.1007/s00181-013-0723-4
- Rivlin, A. M. (2012). Rescuing the budget process. *Public Budgeting & Finance*, 32(3), 53-56. doi:10.1111/j.1540-5850.2012.01017.x
- Roberge, I. (2014). New development: Canada's cutback management. *Public Money & Management*, 34(2), 131-134. doi:10.1080/09540962.2014.887545
- Robinson, L. (2013). *A study of teachers' attitudes, thoughts, and perceptions about successful implementation of differentiated instruction* (Doctoral dissertation). Retrieved from ProQuest Digital Dissertations. (UMI No. 1468935543).
- Romano, R. M. (2012). Book Review: Financing American higher education in the era of globalization. *Community College Review*, 40, 361-363. doi:10.1177/0091552112457018
- Ross, D. G. (2014). An agency theory of the division of managerial labor. *Organization Science*, 25(2), 494-508. <http://dx.doi.org/10.1287/orsc.2013.0853>
- Rossmann, D., Shanahan, E. A., & Krawitz, N. (2012). Defining and achieving normative democratic values in participatory budgeting Processes/Commentary: "defining and achieving normative democratic values in participatory budgeting

- Processes." *Public Administration Review*, 72(1), 56-66. doi.10.1111/j.1540-6210.2011.02480.x
- Rost, J. C. (1993). *Leadership for the twenty-first century*. New York, NY: Praeger
- Rowley, J. (2012). Conducting research interviews. *Management Research Review*, 35, 260-271. doi:10.1108/01409171211210154
- Rubin, H. J., & Rubin, I. S. (2011). *Qualitative interviewing: The art of hearing data* (3rd ed.). Thousand Oaks, CA: Sage.
- Ryu, J. E. (2011). Legislative professionalism and budget punctuations in state government sub-functional expenditures. *Public Budgeting & Finance*, 31(2), 22-42. Retrieved from <http://www.aspaonline.org/abfm/wordpress>
- Sangasubana, N., (2011). How to conduct ethnographic research. *The Qualitative Report*, 16, 567-573. Retrieved from <http://www.nova.edu/ssss/QR/index.html>
- Saunoris, J. W. (2015). The dynamics of the revenue-expenditure nexus: Evidence from US state government finances. *Public Finance Review*, 43, 108-134. doi:10.1177/1091142113515051
- Schools/SAU Information/NH Department of Education. (n.d.). Retrieved from [http://www.education.nh.gov/data/school\\_sau.htm\\_br](http://www.education.nh.gov/data/school_sau.htm_br)
- Schwartz, S. T., Sudbury, A., & Young, R. A. (2014). A note on the benefits of aggregate evaluation of budget proposals. *Journal of Management Accounting Research*, 26(1), 145-164. doi:10.2308/jmar-50559
- Seidel, T. A. (2014). *The effective use of the audit risk model at the account level*. Rochester: Social Science Research Network. 2430869

- Shelton, C. (2014). Legislative budget cycles. *Public Choice*, *159*(1/2), 251-275.  
doi:10.1007/s11127-012-0043-9
- Slembeck, T., Jans, A., & Leu, T. (2014). A politico-economic perspective on financial sustainability. *Journal of Public Budgeting, Accounting & Financial Management*, *26*(1), 140-164. Retrieved from  
<http://pracademics.com/index.php/jpbafm>
- Stake, R. (1995). *The art of case study research*. Thousand Oaks, CA: Sage.
- Stalebrink, O. J., & Frisco, V. (2011). Part in Retrospect: An examination of legislators' attitudes toward part. *Public Budgeting & Finance*, *31*(2), 1-21.  
doi:10.1111/j.1540-5850.2011.00977.x
- Stallmann, J. I., Deller, S., Amiel, L., & Maher, C. (2012). Tax and expenditure limitations and state credit ratings. *Public Finance Review*, *40*, 643-669.  
doi:10.1177/1091142112446844
- Steinhoff, J. C., & Price, L. A. (2011). From back room to board room: Federal CFO role in managing the cost of government. *Public Manager*, *40*(1), 56-61. Retrieved from <http://www.astd.org>
- Streb, J. M., & Torrens, G. (2013). Making rules credible: Divided government and political budget cycles. *Public Choice*, *156*, 703-722.  
doi:10.1007/s11127-012-9923-2
- Tagkalakis, A. O. (2014). Financial stability indicators and public debt developments. *Quarterly Review of Economics and Finance*, *54*(2), 158-179.  
doi.10.1016/j.qref.2013.12.005

- Thornton, M. A. (2014). The aggregation of dynamic relationships caused by incomplete information. *Journal of Econometrics*, 178, 342. Retrieved from <http://www.journals.elsevier.com/journal-of-econometrics>
- Tyler Technologies. (2015). Retrieved from <http://www.tylertech.com/solutions->
- U.S. Bureau of Economic Analysis. (2011). *Widespread economic growth across states in 2011*. Retrieved from [http://www.bea.gov/newsreleases/regional/gdp\\_state/2012/pdf/gsp0612\\_fax.pdf](http://www.bea.gov/newsreleases/regional/gdp_state/2012/pdf/gsp0612_fax.pdf)
- U.S. Census Bureau. (2011). *Federal, state, and local governments: State and local government finance data*. Retrieved from [http://www2.census.gov/govs/local/summary\\_report.pdf](http://www2.census.gov/govs/local/summary_report.pdf)
- U.S. Department of Health and Human Services. Belmont Report. (1979). Retrieved from <http://www.hhs.gov/ohrp/humansubjects/guidance/belmont.html>
- Van Buuren, J., Koch, C., Amerongen, N. v. N., & Wright, A. M. (2014). The use of business risk audit perspectives by non-big 4 audit firms. *Auditing*, 33(3), 105. doi.10.2308/ajpt-50760
- Vanlandingham, G. R., & Drake, E. K. (2012). Results first. *Public Performance & Management Review*, 35, 550-563. Retrieved from <https://spaa.newark.rutgers.edu/ppmr>
- Van Puyvelde, S., Caers, R., Du Bois, C., & Jegers, M. (2012). The governance of nonprofit organizations: Integrating agency theory with stakeholder and stewardship theories. *Nonprofit and Voluntary Sector Quarterly*, 41, 431-451.

doi:10.1177/0899764011409757

- Venkatesh, R. (2012). The determinants of budgetary slack: A regulatory focus theory perspective. *Journal of Theoretical Accounting Research*, 8(1), 90-112. Retrieved from <https://eprints.usq.edu.au>
- Venters, M., Hauptli, M.V., & Cohen-Vogel, L. (2012). Federal solutions to school fiscal crises: Lessons from Nixon's failed national sales tax for education. *Educational Policy*, 26, 35-57. doi:10.1177/0895904811425913
- Verschoor, C. C. (2012). Comptroller steals \$53 million from city funds. *Strategic Finance*, 94(1), 13-15. Retrieved from [http://www.imanet.org/resources\\_and\\_publications/strategic\\_finance\\_magazine/issues.aspx](http://www.imanet.org/resources_and_publications/strategic_finance_magazine/issues.aspx)
- Verstegen, D. A. (2011). Public education finance systems in the United States and funding policies for populations with special educational needs. *Education Policy Analysis Archives*, 19, 1-36. Retrieved from <http://epaa.asu.edu>
- Wagner, R. E. (2014a). Book review of the public budgeting and finance primer: key concepts in public choice. *Public Finance and Management*, 14(1), 106-109. Retrieved from <http://www.cipfa.org/policy-and-guidance/the-journal-of-finance-and-management-in-public-services>
- Wagner, R. E. (2014b). James Buchanan's public debt theory: A rational reconstruction. *Constitutional Political Economy*, 25(3), 253-264. doi:10.1007/s10602-014-9161-3
- Walker, R. G. (1926). The governmental budget as an instrument of control. *Accounting*



- Review*, 1(2), 33-47. Retrieved from <http://www.jstor.org>
- Watson, T.J. (2012). Making organizational ethnography. *Journal of Organizational Ethnography*, 1, 15-22. doi:10.1108/20466741211220615
- Weide, J. L. (2014). *The role of regulatory focus in determining career-development training program effectiveness*. (Doctoral dissertation). Retrieved from ProQuest Digital Dissertations and Theses database. (UMI 3615491)
- Weintraub, P. (1948). The theory of social and economic organization/essays in sociology (Book). *California Law Review*, 36(2), 347-354. Retrieved from <http://www.californialawreview.org/>
- Wen, W., & Zhirong, Z. (2011). Fiscal effects of local option sales taxes on school facilities funding: the case of North Carolina. *Journal of Public Budgeting, Accounting & Financial Management*, 23, 507-533. Retrieved from <http://pracademics.com/jpbafm.html>
- Whitehurst, G. J. (2012). Let the dollars follow the child. *Education Next*, 12, 8-15. Retrieved from <http://educationnext.org/journal/>
- Wiseman, R., Gomez-Mejia, L. (1998). Behavioral agency model of managerial risk taking. *The Academy of Management Review*, 23, 133-153. Retrieved from <http://amr.aom.org/>
- Yanow, D., (2012). Organizational ethnography between toolbox and world-making. *Journal of Organizational Ethnography*, 1, 31-42. doi:10.1108/202466741211220633
- Yi, L. (2011). Individual engagement to collective participation: The dynamics of

participation pattern in performance budgeting. *Public Budgeting & Finance*, 31(2), 79-98. doi:10.1111/j.1540-5850.2011.00980.x

Yin, R. K. (2013). *Case study research: Design and methods* (4th ed.). Thousand Oaks, CA: Sage.

Yin, R. K. (2014). *Qualitative methodology: A practical guide*. Thousand Oaks, CA: Sage.

Ying-Ju, C., & Mingcherng, D. (2011). Capital rationing and managerial retention: The role of external capital. *Journal of Management Accounting Research*, 23, 285-304. doi:10.2308/jmar-50059

Young, S. (2014). The drivers, consequences and policy implications of non-GAAP earnings reporting. *Accounting and Business Research*, 44(4), 444-465. doi:10.1080/00014788.2014.900952

Zahavi, D. (ed.), 2012. *The Oxford Handbook on Contemporary Phenomenology*. Oxford and New York: Oxford University Press.

Zero based budgeting and local government. (2015). Retrieved from <http://www.questica.com/wpcontent/uploads/4433Zero%20based%20budgeting%20and%20local%20government.pdf>

Zyl, A. (2014). How civil society organizations close the gap between transparency and accountability. *Governance*, 27(2), 347-356. doi:10.1111/gove.12073

## Appendix A: Interview e-mail request

Hi Business Administrator,

Please allow me to introduce myself, my name is Dennis C. Shea and I live in Center Barnstead, NH. I am an assistant professor at Daniel Webster College in Nashua, NH and a doctoral candidate, specializing in Finance, at Walden University. My dissertation subject is a case study which will explore strategies for proper budget creation and execution in local SAUs in New Hampshire. I was hoping you could spare me 15-20 minutes of your time for an interview. We can accomplish this over the telephone if that is more convenient for you.

Thank you very much for your consideration--Dennis