

# *Implementation Status and Optimization Strategy of the Integration of Budget and Performance Management in Colleges and Universities*

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**Abstract:** In the current pursuit of high-quality development in higher education, optimizing management methods is crucial. The seamless integration of the university budget and performance management emerges as an indispensable and crucial measure for the connotation development of higher education. It not only functions as an inherent and fundamental requirement for profoundly and comprehensively deepening the reform of the fiscal and taxation system but also serves as an essential means for significantly enhancing the budget management system. Furthermore, it distinctly represents a necessary and highly practical approach for meticulously constructing the capacity and framework of the higher education governance system. Through undertaking an exhaustive and in-depth analysis of the detailed implementation status and current circumstances of the integration of budget and performance management within colleges and universities, this paper meticulously and thoroughly sorts out the prevailing and existing problems and pain points. Additionally, it formulates and devises well-structured and effective optimization strategies for the seamless integration of budget and performance management in colleges and universities.

## 1. Introduction

The integration of university budget and performance management is an important measure for the connotation development of higher education, an internal requirement for deepening the reform of fiscal and taxation system and improving the budget management system [1-2], and a necessary and practical way to build the capacity of higher education governance system. From the Opinions of the Central Committee of the Communist Party of China and The State Council on the Full Implementation of Budget Performance Management in 2018, the reform goal of the integration of budget and performance management was first proposed, to the Implementation Plan of the integration System of Financial Core Business in 2019, the integration of national budget and performance management was officially launched. By 2020, the integration of budget and

Performance Management (Trial) and the Technical Standard for Integrated Budget and Performance Management System V1.0 will be implemented from the dimensions of business norms and technical standards. By 2023, the whole process of the "Budget and Performance Management Integration Standard V2.0" is deeply integrated to promote the integration of budget and performance management, and the implementation of the integration of budget and performance management has become the key content of further deepening the reform of the budget system, and has become an important driving force to promote the modernization of the national governance system and governance capacity [3-5]. Based on this, this study thoroughly analyzes the implementation status of the integration of budget and performance management in colleges and universities, comprehensively reviews the existing problems, and actively explores how to optimize the integration of budget and performance management [6-7].

## **2. The Development Tense Analysis of the Integration of University Budget Performance Management**

The development process of integrated budget performance management in Chinese universities is a process of gradual advancement and continuous improvement, which mainly goes through five stages: early concept introduction stage, preliminary practice exploration stage, intensive policy introduction stage, comprehensive promotion stage and deepening development stage [8-9].

### **2.1. Early Concept Introduction Stage (2000-2010)**

During this period, with the promotion of the reform of public finance system, the concept of budget performance management began to be gradually introduced in government departments and universities. Some universities begin to contact and understand the concept of budget performance management, but in actual operation, the traditional budget management mode is still the main one, focusing on the use of funds in compliance with regulations, and paying relatively little attention to performance [10-11].

### **2.2. Preliminary Practice and Exploration Stage (2010-2015)**

In 2011, the Ministry of Finance issued the Guiding Opinions on Promoting Performance-based Budget Management, which clarified the guiding ideology, basic principles and main contents of performance-based budget management. The introduction of this policy document provides policy basis and guidance for universities to carry out budget performance management. Some universities began to respond positively and tried to carry out the pilot work of budget performance evaluation. At this stage, colleges and universities mainly evaluate the performance of some key projects or special funds, and explore the establishment of performance evaluation index system and evaluation methods. However, due to the lack of systematic theoretical guidance and practical experience, the evaluation work often has some problems such as unscientific indicators, inappropriate methods and inaccurate data [12].

### **2.3. Intensive Policy Introduction Stage (2015-2018)**

In 2015, the new Budget Law was officially implemented, which clearly requires that budgets at all levels should follow the principles of overall consideration, diligence, frugality, performance, and revenue and expenditure balance, and for the first time clarified the requirements for budget performance management in legal form. Subsequently, the Ministry of Finance successively issued a series of institutional documents on budget performance management, such as the "Measures for

the Management of Budget Performance Objectives of Central Departments" and "Interim Measures for the Management of performance Objectives of Central Special transfer Payments to Local Governments", which further refined and standardized the process and requirements of budget performance management. In this context, budget performance management in colleges and universities has received more policy support and institutional guarantee, and more and more colleges and universities have begun to attach importance to budget performance management and gradually established corresponding management systems and working mechanisms.

#### **2.4. Comprehensive Promotion Stage (2018-2020)**

In September 2018, the "Opinions of the CPC Central Committee and The State Council on Comprehensively Implementing Budget Performance Management" was issued, proposing to strive to basically build a comprehensive, whole-process and full-coverage budget performance management system in 3-5 years. The promulgation of this document marks that our country's budget performance management has entered a new stage of full implementation. In response to the national policy, the Ministry of Education issued the Opinions of the Ministry of Education on the Comprehensive Implementation of Budget Performance Management in December 2019, which put forward clear requirements for the budget performance management of the education system, especially universities. During this period, all colleges and universities have intensified their efforts to cover all departments and projects of the school with budget performance management, running through the whole process of budget preparation, implementation and supervision, and gradually establishing a scientific and reasonable performance evaluation index system and evaluation mechanism. At the same time, the application of performance evaluation results has been strengthened, and it has been linked with budget arrangement, resource allocation, cadre assessment, etc., to form an effective incentive and restraint mechanism.

#### **2.5. Deepening Development Stage (2020 to present)**

With the deepening of budget performance management, colleges and universities continue to sum up experience and lessons in practice, and continue to improve the budget performance management system. On the one hand, the school should further optimize the performance evaluation index system, improve the scientificity, rationality and operability of the index; On the other hand, IT should strengthen the construction of information technology, and use big data, cloud computing and other technical means to improve the efficiency and accuracy of budget performance management. At the same time, enterprise should pay attention to strengthen the training and publicity of budget performance management, improve the performance awareness and participation of all faculty and staff. In addition, some universities have begun to explore the implementation of budget performance audit, independent supervision and evaluation of budget performance management, in order to ensure the standardization and effectiveness of the work.

### **3. Analysis of Problems and Obstacles in the Integration of University Budget Performance Management**

#### **3.1. Budget Performance Targets are not Effectively Linked, and Lack Foresight and Continuity**

Reasonable performance budget objectives are the start and basis of performance budget management. They're important for project library building, department budget prep, performance monitoring, and evaluation. The State Council's Decision on budget reform proposes medium-term

financial planning, department three-year rolling plans, better project library management, and improved review mechanisms. Colleges and universities improve project libraries and prepare mid-term budget plans, but they aren't well-connected to their own development plans. This leads to unclear and disconnected performance budget targets. This shows in three ways. First, the lack of performance management concept is serious. Departments in colleges don't understand performance objectives. They treat objective prep as a simple task, with problems like "preparing for the sake of it" and using achievable indicators instead. For example, in some equipment purchases, they don't consider the long-term impact on teaching quality. Second, college budgeting methods have flaws. Budgets are mainly annual, not linked to long-term goals, and performance goal prep is not continuous. For example, for staff building, annual budgets might be short-sighted. Finally, short-sighted performance targets cause problems. They make budget adjustments late, leading to bad and imprecise budgets. For campus information building, focusing only on short-term hardware updates causes waste and inefficiency. In conclusion, poor alignment, lack of foresight, and continuity restrict effective integration in colleges and affect resource allocation and development.

### **3.2. Performance Budget Implementation Monitoring is not in Place, Lack of Timeliness and Flexibility**

Budget execution management is key to budget implementation and shows colleges' strategic goals. Now, in colleges, performance budget management focuses on "performance evaluation", and budget execution isn't well monitored. This is in two ways. First, in performance budget monitoring, colleges often focus on fund progress, but not enough on other project performance goals. For example, in discipline projects, they only care about spending schedule, not team building or research results. This causes late reflection and deviation, leading to "high progress but low efficiency". Second, in budget execution, colleges adjust funds, but performance goals don't adjust at the same time. For example, with more students, they need more teaching facility funds, but performance goals like facility use and teaching improvement aren't timely adjusted. This affects evaluation and makes it just a form. In conclusion, poor performance budget execution monitoring, without timeliness and flexibility, affects college budget management, hinders resource allocation and use, and stops strategic goals.

### **3.3. The Performance Budget Evaluation System is not Sound and Lacks Guidance and Comparability**

Performance budget evaluation depends on budget fund input and use, focusing on performance objective realization. Recent years, China's performance evaluation has moved forward, but the system isn't perfect. It shows in three ways. First, performance evaluation content isn't full. Colleges should cover both financial and self-raised funds, but now only financial funds are evaluated. For example, in research funds, financial grants are evaluated, but not self-raised ones. Second, performance evaluation indexes have problems. Colleges don't have proper indexes for different funds and projects. Some departments fill in indexes wrongly. Each university has its own indexes, not comparable. For campus culture projects, standards differ. Third, the performance budget management system needs work. Reward and disclosure systems aren't common, and don't affect next year's budget much. There are no good incentives or accountability. Lack of disclosure means no good budget references. In conclusion, the imperfect evaluation system affects college budget management and development.

### **3.4. Lack of Digitalization of Performance Budget Management and Lack of Synergy and Integration**

Gao Zhili's research shows that information technology guarantees performance budgeting. Improving the information system can enhance its management. Now, many colleges have made achievements in using IT for budget management, like building platforms. But overall information application collaboration needs improving. This shows in two ways. First, current exploration is often for one business, lacking a system for all budget aspects. For example, the declaration platform isn't connected to monitoring and evaluation, affecting information flow and causing problems. Second, financial information construction has deviations. It focuses on accounting but not performance-oriented management or business-finance integration. This makes performance budgeting hard. For instance, the financial system only records income and expenses, not integrating with teaching and research data. Because of these problems, it's important to optimize budget management, improve the mode, and promote the full process mechanism. Use performance as the main line and "performance factors" for a better mechanism. In conclusion, the lack of digitalization, synergy, and integration limits budget management in colleges, hindering resource allocation and goal achievement.

## **4. Optimization Strategy of University Budget Performance Management Integration**

### **4.1. Strengthen the Management of Performance Objectives and Achieve the Objectives of Budget Preparation**

The management of budget performance objectives is the starting point and foundation of the whole process of budget performance management. In the optimization strategy for integrated budget performance management in colleges and universities, strengthening it is crucial. Performance objective management is complex. Its description is fuzzy, the setting is uncertain, the orientation is multiple, and the influencing factors are complex. When strengthening it, several relationships must be handled correctly: between performance objectives and departmental functions, long-term and short-term goals, different project objectives, performance objectives and budget refinement, and standardization and differentiation. Further improving it involves clarifying the management positioning, expanding the scope, promoting integration with the department's overall plan, achieving combination with department functions, and connecting with the indicator system. In short, by understanding the complexity, handling the relations, and improving the measures, colleges can strengthen performance objective management, have clear and reasonable budget preparation goals, and optimize the integration.

### **4.2. Promote Performance Monitoring and Management to Reflect the Monitoring of Budget Implementation**

Budget performance monitoring management is the "extension point" and guarantee for smooth operation of budget performance management. In the optimization of university budget performance management integration, promoting it is key to supervise and control the budget execution process. Currently, due to practice lag and theory deficiency, it's relatively weak and needs strengthening. First, clarify the relationship between performance monitoring and budget implementation. The existing budget execution system focuses on aspects like fund progress and legal compliance, while performance monitoring aims to ensure performance objective realization. Budget execution is the basis. Performance monitoring covers both budget implementation and performance target tracking, focusing on fund use performance and results. IT improves systems by

adding, sharing performance operational information, and enhancing monitoring to ensure performance goals are met. Secondly, strengthen the design of performance monitoring key points based on the project logic model. According to this model, a project's key content includes input, activity, output, and effect. It helps understand the causal relationship. The model should focus on key points of the "production process" to identify reasons for not achieving expected results or deviations, guide data collection, and predict performance. Furthermore, developers should strengthen data collection and analysis to establish a powerful performance operation information system. It rely on big data and existing systems to form an effective information system for real-time, connected, and systematic performance monitoring. Finally, form an effective performance monitoring operation mechanism based on the responsibility system. The department is responsible for both budget execution and performance monitoring. The financial department should guide and urge improvements. The budget department should promote tracking, use monitoring information for adjustments, strengthen final account management, and improve response systems. In short, by clarifying the relationship, designing key points, establishing systems, colleges and universities can promote performance monitoring, grasp the budget implementation situation, discover and solve problems, and improve budget management efficiency and benefit.

#### **4.3. Deepen the Management of Performance Evaluation and Strengthen the Evaluation of Budget Completion**

Performance evaluation is the "focus" and key central link of the whole process budget performance management, holding a core position. In the optimization of integrated budget performance management in colleges and universities, deepening it is significant for accurately evaluating budget execution and improving resource utilization. It has developed from pilot to full implementation and from single to systemic. Currently, efforts are needed to increase its intensity, quality, improve mechanisms and information systems. First, implement the "expanding area and increasing points" project to achieve full coverage and key breakthroughs. Colleges and universities should expand the scope and scale of evaluation, increase the number of departments and projects evaluated, raise the proportion of evaluation funds, focus on departmental overall expenditure, major livelihood projects, fiscal policies, and expenditure structure for impact evaluation of medium and long-term effects. Second, enhance the cultivation and introduction of third-party evaluation forces to improve the diversified evaluation pattern. The school should build a system combining self-evaluation, financial department evaluation, and third-party evaluation for higher scientific credibility. Gradually increase the reliance on third-party evaluation and strengthen public participation. Third, improve the performance evaluation index system to solidify the management foundation. The externality of financial expenditure benefit determines the complexity of index construction. Relevant departments should accelerate research, design, revision, and supplementation to build a scientific unified system. We should focus on simplicity and practicality to form effective indicators. Fourth, strengthen the performance management database construction and develop a matching information system. Performance evaluation requires strong data analysis. Establish a complete database and system, improve data collection, and provide technical support. Fifth, promote reevaluation work and establish a top-down quality control mechanism. It can improve evaluation quality. Reevaluation by the financial or competent department can address doubts, ensure fairness, and evaluate key expenditures to enhance fund efficiency. In short, these efforts can deepen performance evaluation management in colleges, provide an accurate basis for budget management, promote resource allocation and utilization, and drive sustainable development.

#### 4.4. Improve Performance Digital Management to Ensure Feedback and Application of Results

Performance evaluation result management is the "foothold", purpose, and key of the whole process of budget performance management. In the optimization of integrated budget performance management in colleges and universities, deepening performance evaluation management is significant for accurate budget execution evaluation and resource utilization improvement. Currently, it has evolved from pilot to full implementation and from single to systemic. We need to increase the intensity, quality, improve mechanisms and information systems. First, implement the "expanding area and increasing points" project for full coverage and key breakthroughs. The finance department should expand the scope and scale, increase the number and proportion of evaluated departments and projects, focus on overall departmental expenditure, major livelihood projects, etc., for medium and long-term impact evaluation. Second, enhance the third-party evaluation force and build a diversified system. The organization combines self-evaluation, financial department evaluation, and third-party evaluation to enhance credibility. The organization gradually increases the role of the third party and encourages greater public participation. Third, improve the performance evaluation index system. The team considers the complexity of index construction. The team speeds up research, design, and revision for a scientific and unified system. The team focuses on simplicity and practicality for effective indicators. Fourth, strengthen the performance management database and develop a matching information system. Due to the technical and data analysis requirements, the team establishes a complete system and improves data collection. Fifth, promote reevaluation and establish a quality control mechanism. It helps improve evaluation quality and fairness, and evaluate key expenditures. Sixth, improve the management of performance evaluation results. To ensure they are of good quality and 'easy to use,' the team addresses current problems by improving indicators and methods. The team establishes a responsibility mechanism for 'combination and application' to promote 'good use.' The team expands public disclosure for supervision and combines this with government performance appraisal for authority. For example, a university expanded the evaluation scope of scientific research funds, introduced a third-party for independent evaluation, established an index system, analyzed data, re-evaluated doubts, improved result management, and optimized fund allocation. In short, these efforts deepen performance evaluation management, provide a basis for budget management, promote resource allocation and utilization, and drive sustainable development of colleges and universities.

#### 5. Conclusion

This paper focuses on the integration of university budget and performance management. Firstly, the paper expounds its importance as the connotation development of higher education, the reform of fiscal and tax system and the construction of education governance system, and combs the development course of the integration of budget and performance management under the relevant policy background from 2018 to 2023. Then it deeply analyzes the implementation status and existing problems, including the lack of effective integration of budget performance objectives, the lack of foresight and continuity, the lack of performance management concepts, the deficiencies of preparation methods and short-sighted goals. Performance budget implementation monitoring is not in place, lack of timeliness and flexibility, which is reflected in the insufficient monitoring of the implementation of project performance objectives and the adjustment of performance objectives is not synchronized with the adjustment of budget implementation; The performance budget evaluation system is not perfect, lack of guidance and comparability, such as the content of performance evaluation is not fully covered, the index is not perfect, the system is not perfect; The

lack of digitalization of performance budget management, the lack of coordination and integration, which is manifested as the low degree of information application coordination and integration. To solve these problems, the paper puts forward the optimization strategy. In strengthening the management of performance objectives, we should recognize its complexity, deal with the relevant relations, and improve the management measures. In terms of promoting performance monitoring and management, it is necessary to clarify the relationship with budget implementation, design key points according to the project logic model, strengthen data collection and analysis, and establish a responsibility system. To deepen the management of performance evaluation, we should implement the project of "expanding the scope and increasing the points", increase the cultivation and introduction of third-party evaluation forces, improve the evaluation index system, strengthen the construction of database, and promote the reevaluation work. In terms of improving performance digital management, it is necessary to ensure that the evaluation results are "easy to use" and "well used", expand the openness to achieve supervision, and combine with government performance assessment to ensure authority. Through these strategies, the aim is to promote the optimization of the integration of university budget and performance management, and realize the rational allocation and efficient use of resources.

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