



Government Finance Officers Association

21st Century Budgeting

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2016 ICCCF0 Spring Conference

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GFOA Budget Awards Program Background

- Established in 1984
- Educational purpose:
 - Encouragement and recognition
 - Assistance
- Focus on budget *document*
- Incorporates NACSLB's *Budget Guidelines*
- Incorporates GFOA's *Best Practices*



Program Participants and Reviewers

- Approximately 1,600 participants submitted budget documents for budgets FY beginning in 2015
- Over 30 community colleges in 2015
- Over 580 budget reviewers in 2016



Benefits of Participation

- Practical method for continually improving the budget document
- Evidence of sound financial management
- Positive factor in credit ratings
- Recognition for government and staff
- Document meets well-respected standards
- Results in a better, more informed document for legislators and taxpayers

Eligibility

- Open to all U.S. and Canadian governments
- Open to both general-purpose and special-purpose governments
- Open to both annual, biennial, and triennial budgets
- Open to any type of budgeting

Application Form

- Available on GFOA website (“Awards Programs”)
- 2 pages
- Fee
 - Sliding scale based upon expenses
- Includes information about becoming a budget reviewer



Criteria Location Guide

- Available on GFOA website (“Awards Programs”)
- 27 criteria
 - 14 mandatory
- Four categories
 - Policy document
 - Financial plan
 - Operations guide
 - Communications device
- Cite specific page references on location guide



Submission Packet

- Budget document
 - Four hard copies or electronic submission
- Criteria location guide and application form
 - Five hard copies or electronic submission



Deadline for Submissions

- Two options
 - Proposed budget
 - Within 90 days of submission to governing body
 - Adopted budget
 - Within 90 days of adoption
- Extensions



Review Process

- Submission package sent to reviewers
- Each reviewer rates separately
- Reviews returned to staff and results compiled
- Results provided to participant
 - Within 6 months

Ratings Categories

- Not applicable
- Not present
- Does not satisfy
- Proficient
- Outstanding



Award Decision

- Compliance with all 14 mandatory criteria
- At least two “proficient” or “outstanding” ratings
- Positive overall assessment for each of the four basic categories
- At least two “proficient” or “outstanding” ratings

BUILDING A BETTER
BUDGET
DOCUMENT

SECOND EDITION

John Fishbein



Government Finance Officers Association



GOVERNMENT FINANCE OFFICERS ASSOCIATION

1 = Information not present, 2= Does not satisfy criterion, 3=Proficient, 4= Outstanding

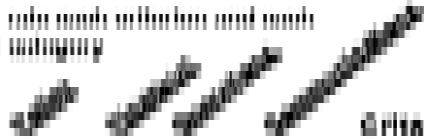
Please rate each criterion and each overall category

	<i>Policy</i>	<i>Financial</i>	<i>Operations</i>	<i>Communications</i>	<u>Criteria Description</u>
<u>Introduction and Overview</u>					
	Grade				
^ C1	█	█	█	█	Table of contents (mandatory)
P1	█	█	█	█	Strategic goals & strategies
P2	█	█	█	█	Short-term organization-wide factors influencing decisions
^ P3	█	█	█	█	Priorities and issues (mandatory)
^ C2	█	█	█	█	Budget Overview (mandatory)
<u>Financial Structure, Policy, and Process</u>					
^ O1	█	█	█	█	Organization chart (mandatory)
F1	█	█	█	█	Fund descriptions and fund structure
O2	█	█	█	█	Department/fund relationship
F2	█	█	█	█	Basis of Budgeting
^ P4	█	█	█	█	Financial policies (mandatory)
^ P5	█	█	█	█	Budget process (mandatory)
<u>Financial Summaries</u>					
^ F3	█	█	█	█	Consolidated financial schedule (mandatory)
^ F4	█	█	█	█	Three (four) year consolidated and fund financial schedules (mandatory)
^ F5	█	█	█	█	Fund balance (mandatory)
^ F6	█	█	█	█	Revenues (mandatory)
F7	█	█	█	█	Long-range financial plans



1 = Information not present, 2 = Does not satisfy criterion, 3 = Proficient, 4 = Outstanding

Financial ratios, trends, indicators used to assess overall ratings



Criteria Description

Capital & Debt

^ F8	█	▢	█	█
F9	█	▢	█	█
^ F10	█	▢	█	█

Capital expenditures (mandatory)

Impact of capital investments on operating budget

Debt (mandatory)

Departmental Information

^ O3	█	█	▢	█
^ O4	█	█	▢	█
O5	█	█	▢	█
O6	█	█	▢	█

Position summary schedule (mandatory)

Department descriptions (mandatory)

Unit goals and objectives

Performance measures

Document-wide Criteria

C3	█	█	█	▢
C4	█	█	█	▢
C5	█	█	█	▢
C6	█	█	█	▢

Statistical/supplemental section

Glossary

Charts and graphs

Understandability and usability

█	█	█	█
▢	█	█	█
█	▢	█	█
█	█	▢	█
█	█	█	▢

Overall as a policy document

Overall as a financial plan

Overall as an operations guide

Overall as a communications device



Distinguished Budget Presentation Award Program (Budget Awards Program)

- [NEW - Most Recent Award Results Sorted by State/Province: Budget Years Beginning 1/1/2015 \(Winners Through September 30\)](#)
- [Award Results Sorted by State/Province: Budget Years Beginning 1/1/2014](#)
- [Reviewers of Budget Documents During 2015 Calendar Year](#)
- [Details on how to become a Participant or Reviewer](#)

The GFOA established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOAs best practices on budgeting and then to recognize individual governments that succeed in achieving that goal.

Documents submitted to the Budget Awards Program are reviewed by selected members of the GFOA professional staff and by outside reviewers with experience in public-sector budgeting. The following links offer access to detailed information on specific aspects of the Budget Awards Program:

Information for participants and potential participants:

- [Eligibility requirements](#)
- [How to submit a budget document](#)
- [Application Form](#)
- [Requests for an extension of the submission deadline](#)
- [Judging Process](#)

Detailed Location Criteria Guide and Explanation of Criteria

- [Detailed Location Criteria guide](#)
- [Explanation of Criteria](#)

Information for reviewers and potential reviewers:

- [Eligibility requirements](#)
- [Application form to become a reviewer](#)

Vote Page For Budgets

- [Electronic Vote Page](#)



New Award Format

- Same as Current Award:
 - Submit Budget Document
 - Fill out Application
- New for Award for Best Practices in Community College Budgeting:
 - Interview with people reviewing your submission
 - Submit work papers as support for several criteria



New Best Practices in Community College Budgeting

- Best Practices developed in conjunction with a number of CC partners – including several from Illinois
- Done in conjunction with new Best Practices in School Budgeting
- Focuses on budget process as a whole – not just the presentation
- Centered on aligning of resources to student achievement
- Emphasis on collaboration between Finance and Academic staff

Change Underlying Basis for Budget Process

- “Traditional” Budget Model:

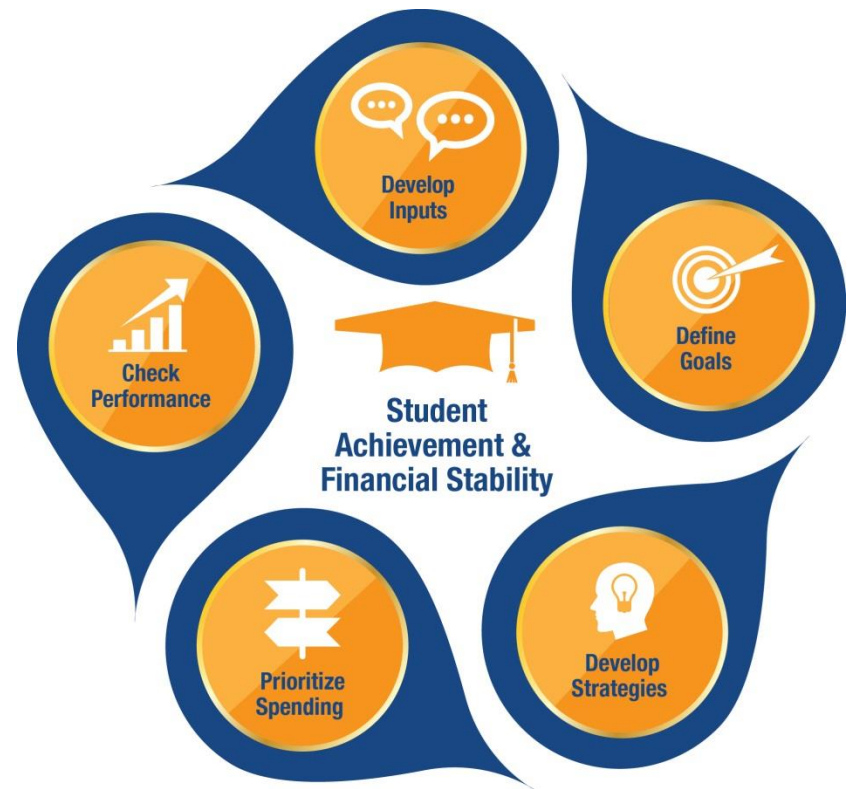
- Limited resources drive spending plan
- More reactionary than pro-active

- Best Practices Budget Model:

- Focus on student outcomes rather than limited resources
- Budget driven by strategic plan
- Continuous improvement principles

Core Concepts of New Best Practices

- Develop Inputs
- Define Goals
- Develop Strategies
- Prioritize Spending
- Check Performance



Organization of the Best Practices

- Each one of the aforementioned 5 areas is broken down into further detail
- Additional detail will assist in implementation of new process and offer suggestions and examples

Develop Inputs - Guide Process

Guide budget process by establishing a baseline:

- Budget principles to guide overall process
- Adopting policies to frame desired financial outcomes



Develop Inputs – Assess Current State

Analyze forces that impact the budget:

- Current revenue and expenditure structure - utilize long-term forecasts
- Student performance data to inform budget decisions
- Internal capabilities – HR, student needs, remediation
- External influences – stakeholders, labor market, legislation

Define Goals - Development

- Define goals using SMARTER framework
 - Specific
 - Measurable
 - Achievable
 - Relevant
 - Time-bound
 - Exciting
 - Resourced

Define Goals – Examine the Gaps

Root Cause Analysis – look at common categories that may cause the gaps:

- Organizational capacity
- Integrated support for students
- Adequate support for remedial students
- Instructional program coherence
- Choice architecture
- Physical plant
- Measurement systems

Root Cause Analysis – 5 Whys

Problem: Students are not completing required classes in time to graduate on schedule.

1. **Why?** Students can't get into classes.

2. **Why?** There are not enough sections offered at accessible times.

3. **Why?** Faculty are not available to teach on weekends, evenings, and early mornings.

4. **Why?** Faculty already have full loads and other commitments.

5. **Why?** There are not enough faculty to teach the required classes.

Solutions: Explore using adjunct faculty to teach additional sections of required courses or teach other courses to free up full-time faculty to teach courses. Evaluate all course offerings to see which courses don't have sufficient enrollment and re-assign those faculty to teach additional sections of the required courses.



Develop Strategies

- Research and utilize proven practices to help address deficiencies
- Develop strategies to close gaps
- Develop plan to implement strategies
- Formally adopt strategies



Prioritizing Spending - Enact Strategies & Allocate Resources

- **Prioritize Expenditures**
- **Define Subunits/Cost Centers**
- **Allocate Resources**



Prioritize Spending – Budget Document

Fundamental organization of the Budget Document

- The Challenges
- Goals
- Strategies and Initiatives
- Financial Plan
- Long-Term Financial Sustainability



Challenges and Solutions

Introduction to Challenges and Solutions

Like any organization, the College faces a variety of challenges to completing its mission and realizing its vision. The College's main challenge is the long-term structural deficit due to a low property tax rate compounded by cuts to state aid. Another challenge has been trying to align performance measures with an existing strategic plan and budget development process. In addition, the College is below state average in a few retention and completion measures. Finally, two smaller challenges have to do with lack of enough budget detail codes in the academic division and lack of formalized budget procedures.

Fortunately, the College has a strong foundation for overcoming these challenges, starting with its strategic planning process. Through this process the College has identified five specific goals, which guide the college's financial planning:

Source: Coconino Community College FY15 Budget Book

- Tell the organization's "story"
- Challenges – outline the most important issues that the college is facing
- Goals – address the aforementioned challenges

Strategies and Initiatives

- What will the goals accomplish?
- Cost, where determinable
 - New spending? Re-purposing of existing resources?
 - One-time? Ongoing?
- Accountability and schedule

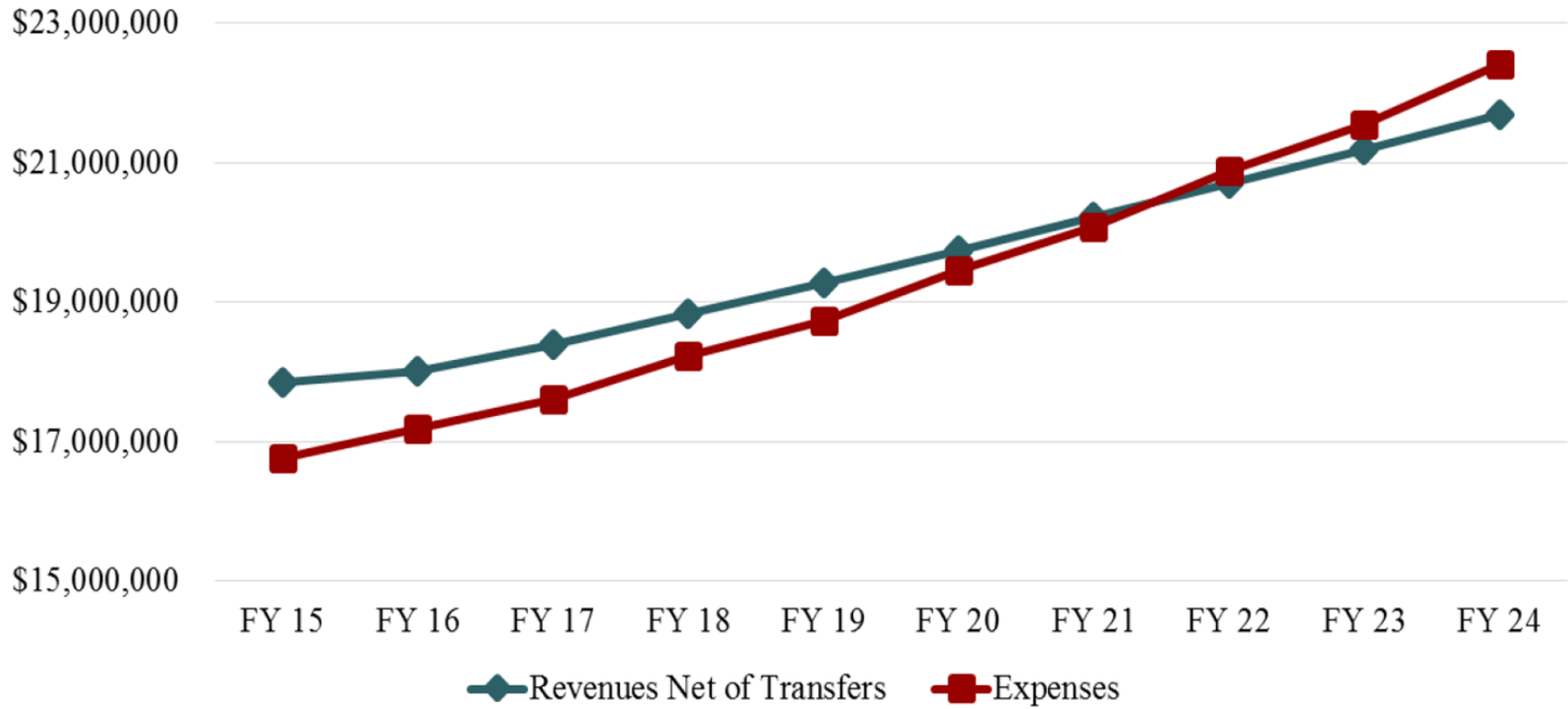


Financial Plan

Summarize how the College's finances are aligned with its goals:

- Revenues
- Expenditures
- Reserves
- Debt and capital

General Fund Long-Term Financial Planning



Source: Coconino Community College FY15 Budget Book

Key Considerations for Budget Document

- Include All Funds in Budget
- Transparency in Spending
- Transparency in Reserves
- Provide Context



Check Performance

Ensure new process is on-track:

- Monitor strategy implementation
- Evaluate interim results throughout year
- Adjust strategy and budget accordingly

Enhanced Budgeting Practices

Included in the new Best Practices and covers the following topics:

- Governance and ownership of the budget process
- Establish criteria and measures for success of the budget process
- Allocate costs of shared support services to subunits

Next Steps & More Information

- In early stages of recruiting additional Community Colleges to join our early adopters group – the Alliance for Excellence in Community College Budgeting
- For copies of draft of the Best Practices and more information – go to:

<http://www.gfoa.org/cc-budget>



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