GFOA Best Practices and Budget Awards Program (Community Colleges)

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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

- Over 1,500 participants submitted budget documents for budgets FY beginning in 2014
  - 239 counties (16%)
  - 31 colleges (2%) – 13 from Illinois
  - 945 municipalities (63%)
  - 3 pension entity (0%)
  - 98 schools (6%)
  - 184 special districts (12%)
  - 8 states (1%)

- Over 580 budget reviewers in 2015
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
1 = Information not present, 2= Does not satisfy criterion, 3=Proficient, 4= Outstanding

Please rate each criterion and each overall category

<table>
<thead>
<tr>
<th>Grade</th>
<th>Policy</th>
<th>Financial Operations</th>
<th>Communications</th>
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**Criteria Description**

**Introduction and Overview**
- *Table of contents (mandatory)*
- Strategic goals & strategies
- Short-term organization-wide factors influencing decisions
- *Priorities and issues (mandatory)*
- *Budget Overview (mandatory)*

**Financial Structure, Policy, and Process**
- *Organization chart (mandatory)*
- Fund descriptions and fund structure
- Department/fund relationship
- Basis of Budgeting
- *Financial policies (mandatory)*
- *Budget process (mandatory)*

**Financial Summaries**
- *Consolidated financial schedule (mandatory)*
- Three (four) year consolidated and fund financial schedules (mandatory)
- *Fund balance (mandatory)*
- *Revenues (mandatory)*
- Long-range financial plans
<table>
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<tr>
<th>Criteria Description</th>
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<tr>
<td>Capital &amp; Debt</td>
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<tr>
<td>* F8 Capital</td>
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<td>F9 Impact of capital</td>
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<td>operating budget</td>
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<td>* F10 Debt</td>
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<td>Departmental Information</td>
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<td>* O3 Position</td>
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<td>summary schedule</td>
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<td>(mandatory)</td>
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<td>O5 Unit goals</td>
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<td>and objectives</td>
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<td>Document-wide Criteria</td>
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<td>C4 Glossary</td>
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<td>C5 Charts and graphs</td>
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<td>C6 Understandability</td>
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<td>and usability</td>
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<td>Overall as a policy document</td>
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<td>Overall as a financial plan</td>
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Distinguished Budget Presentation Award Program (Budget Awards Program)

Details on how to become a Participant or Reviewer
Most Recent Participant Award Results Sorted by State/Province: Budget Years Beginning 1/1/2013 - 12/31/2013
Reviewers of Budget Documents During 2014 Calendar Year

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 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
Core Concepts of New Best Practices

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

- Budget principles to guide process
- Adopting policies to frame financial outcomes
- Analyze current revenue and expenditure structure and utilize long-term forecasts
- Analyze student performance data to inform budget decisions
- Internal Capabilities – HR, student needs, remediation
- External Influences – stakeholders, labor market, legislation
Define Goals

- Define goals using SMARTER framework
  - Specific
  - Measurable
  - Achievable
  - Relevant
  - Time-bound
  - Exciting
  - Resourced
Define Goals (continued)

- Root Cause Analysis – identify underlying cause of issue
- Research and utilize proven practices to help address deficiencies
- Develop strategies to close gaps
- Develop plan to implement strategies
- Formally adopt strategies
Prioritizing Spending to Enact Strategies & Allocate Resources

- Prioritize Expenditures
- Define Subunits/Cost Centers
- Allocate Resources
Fundamental Organization of Budget Document

- The Challenges
- Goals
- Strategies and Initiatives
- Financial Plan
- Long-Term Financial Sustainability
Key Items for Budget Process

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

- Monitor Strategy Implementation
- Evaluate Interim Results throughout Year
- Adjust Strategy and Budget in Response
Enhanced Budgeting Practices

- Governance and Ownership of 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.com/school-budgeting