Best Practices in Community College Budgeting

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Overview

- Background

- Best practices - five focus areas

- Taking budget to the next level

- Example: Budgeting at *Coconino Community College*

Best Practices in Community College Budgeting

GFOA initiative

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  - Developed with a number of CC partners from across the country
  - Done in conjunction with the Best Practices in K12 School Budgeting
- Focuses on budget process as a whole
  - Beyond just the presentation
- Aligns resources and student outcomes
  - 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
  - Pro-active and modernized approach
  - Budget driven by strategic plan
  - Continuous improvement principles

Core Concepts of New Best Practices

Centered on 5 areas:

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

(1) Develop Inputs – Guide Process

Guide budget process by establishing a baseline:

- Develop budget principles to guide overall process
- Adopt policies to frame desired financial outcomes

Develop Inputs -Assess Current State

Analyze forces that impact the budget:

- Current revenue and expenditure structure - long-term forecasts

- Student performance data

- Internal capabilities - HR, student needs, remediation

- External influences - stakeholders, labor market, legislation

(2) Define Goals - Development

Use the SMARTER framework as the basis for creating goals:

- <u>S</u>pecific
- Measurable
- Achievable
- Relevant
- Time-bound
- Exciting
- Resourced

Define Goals - Examine the Gaps

- Where do we stand relative to goals?
- What are the gaps and what causes them ?
  - Organizational capacity
  - Integrated support for students
  - Adequate support for remedial students
  - Instructional program coherence
  - Inadequate facilities
  - Physical plant
  - Measurement systems

(3) Identify Strategies

- Develop strategies to close gaps
  - Incorporate research into identifying proven strategies to work toward goals
  - Include cost-effectiveness considerations

- Develop plan to implement strategies

- Formally adopt strategies

(4) Prioritizing Spending & Allocate Resources

Prioritize and allocate spending in several ways:

- Alignment with strategy
- Frame frank discussions about trade-offs
- Engage all of the affected sub-units

Budget Document/Presentation Should Reflect Goals and Priorities

Fundamental organization of the Budget Document

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

Other issues and considerations:

- Include all funds
- Transparency
- Context

(5) Check Performance

Ensure new process is on-track:

- Monitor strategy implementation

- Evaluate interim results throughout year

- Adjust strategy and budget accordingly

Taking Budgeting to the   Next Level

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

Deeper Dive - Budget Document

- New Best Practices focus more heavily on the budget process

- However New Best Practices outline how key components of new process will be communicated in the Budget Document

- Budget Document moves beyond just Communicating information - a narrative to tell the college's story

Fundamentals

New Best Practices include items previously emphasized by the GFOA:

- Table of contents
- Presentation of goals/strategies
- Consolidated budget
- Organization chart
- Personnel counts
- Information related to revenues, expenditures, capital, debt, etc.

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 it's 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 (remember the SMARTER framework)
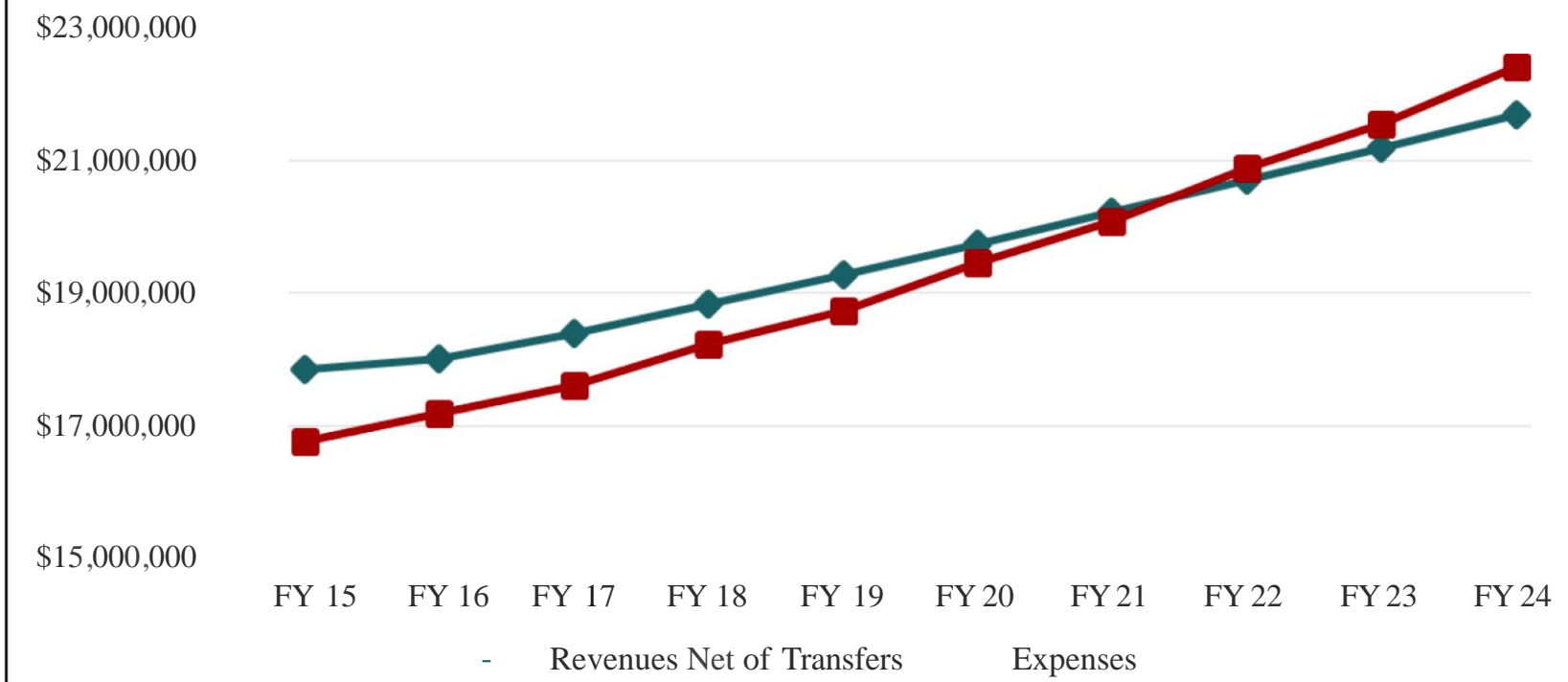
Strategies and Initiatives

- What will initiatives 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

Source: Coconino Community College FY15 Budget Book

Additional Fundamentals related to Long-term Financial Sustainability:

Long-range enrollment projections

Long-range financial projections

Risk analysis

Other Issues & Considerations

Incorporate the following throughout the budget document/presentation:

- All funds
- Transparency in spending
- Transparency in reserves
- Provide context

Budgeting at Coconino Community College

Getting Started:

1. Strategic Plan already in place
2. Cross-walk to performance measures "after the fact"
3. Needed organizational detail codes at subject level
4. Needed to develop budget policies and procedures

Step 1: Prepare & develop inputs to the budget process

A Adopt/Re-affirm budgeting principles and policies

- If!POLICY 205 BUDGET DEVELOPMENT
  - O 205-01 Fund Balance Procedure
  - Ifi. 205-02 Budget Procedure
    - 1,1..1 205-02 Budget Procedure Procedural Guidelines
  - IEi 205-03 Budget Control and Monitoring Procedure
  - If1 205-04 Budgeting for New Programs and Services Procedure
    - 1ltl 205-U5 Long-Term Financial Forecasting Procedure

B Examine internal and external forces that impact the budget

1. Financial analysis - Rev & Exp, O&M, Forcast
2. Student performance and demographics
3. Internal capabilities - Human capacity
4. External influencers - Labor market

Step 2: Define Goals and identify gaps

A. Develop goals for the college and its sub-units

    Goal 1 Access

    Goal 2 Retention

    Goal 3 Completion

Goal 1: CCC will provide learners educational opportunities that are accessible and affordable, while also being economically feasible for the College.

Objectives:

1. Increase enrollment numbers including targeted underrepresented groups

   Expand and enhance scholarship and financial aid opportunities to increase access

Step 2: Define Goals and identify gaps

B. Determine the gaps between the goals and current state and identify the root causes of the gaps

1. Root Cause Analysis (FY15 budget book sample)

Cause of Low Performance Measures
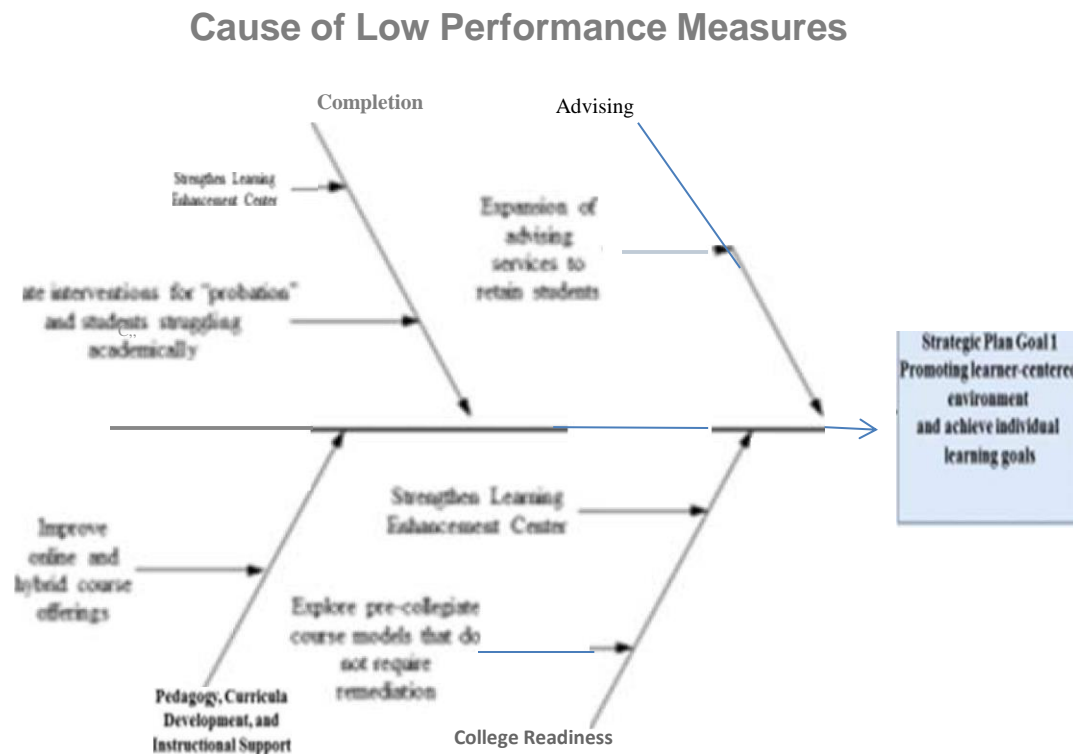
Step 3: Develop strategies to close the gaps

A. Research proven policies and practices
   1. Student Success Best Practices

B. Develop strategies
   1. Action plans

Goal 1: CCC will provide learners educational opportunities that are accessible and affordable, while also being economically feasible for the College.				
Objective	Tactic*	Evidence	Responsible	Performance Measure*
(1) Increase enrollment numbers including targeted underrepresented groups	(1) Leverage technology to increase communication/outreach to current and prospective students	Increased conversion of prospective student to matriculate student and increased enrollment	Dean of Student Services	1, 2, 3, 4

Step 4: Prioritize Spending to Enact the Strategies and Allocate Resources

A. Prioritize spending to enact the strategies

   1. Alignment with strategic planning, performance Measures and cost effectiveness

   2. Prioritize new programs and review old programs

Performance Measures

Budget Development And Financial Planning

Strategic Plan
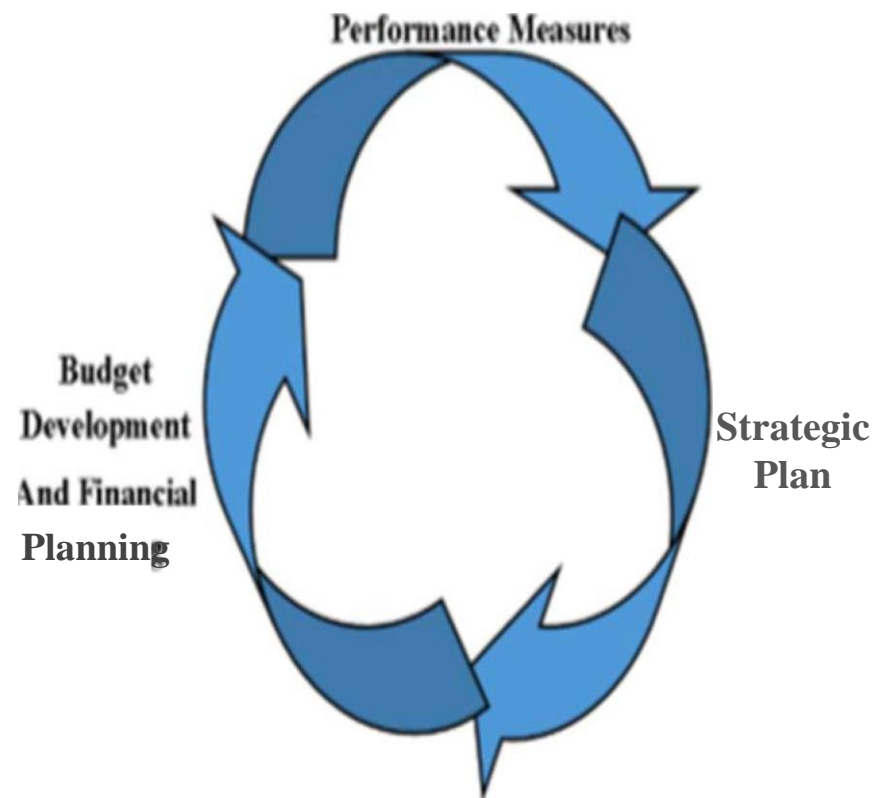
Step 4:

Prioritize Spending to Enact Strategies and Allocate

B. **Allocate funds based on the results of the prioritization process**

Objective 1, Tactic, 1 - Increase communication/outreach to current and prospective student

Responsible - Dean of Student Services,

Enrollment Management Specialist - $63,25O General Fund Allocation

The Enrollment Management Specialist provides support for college Student outreach and recruitment efforts through the G/O Digital, electronic advertising, responds to online/email inquiries, and participates in student recruitment and outreach efforts. This was originally started as a TAACCCT grant funded initiative that is being added into the FYI7 budget.

Step 5: Check Performance

A. Monitor and evaluate outcomes from budgeting decisions

1. Evaluate program revenue and expenses

2. Evaluate student progress toward academic goals

3. Make adjustments

GOAL 1: CCC will promote a learner-centered environment and continue to incorporate innovative strategies to enable achievement of individual learning goals.			
Objective*	**Tactic**	**Measure**	**Going Forward**
(1) ADVISING: Expand advising **To retain students**	(1) Leverage CCC2NAU success to larger scale: Develop advising program - every learner has an assigned advisor - every faculty member and professional advisor has an advising load	Assess and make adjustments as needed	Three additional full-time advisors and multiple peer advisors have been continued with General Funds for Fiscal Year 2017. The College will track student retention rates.
16) CUSTOMER SERVICE: Enrollment Management	(37) Streamline online admissions & registration process	Create easy link showing steps for admission, advising, registration, payment, drop for non payment, transcript eval	The full-time assistant credential analyst has been funded with General Funds for Fiscal year 2017, and the electronic transcript services will continue. This has resulted in significant reduction of transcript and admission delays.
(17) CUSTOMER SERVICE: Marketing	(42) Advertise services to students	Student servicers collateral developed	Digital marketing has been funded with General Funds, as has the Enrollment Management Specialist. The new strategic plan includes creation of a strategic enrollment management team.
(20) PEDAGOGY, CURRICULA DEVELOPMENT AND	(58) Improve and enhance the quality of online and hybrid courses	Implement course modifications as recommended and approved	The online courses developed last year have been brought online. With additional part-time funding, the College will continue to

Step 6: Other integrated Budgeting Practices

A. Establish criteria and measure for success of the budget process

1. Leadership (VP BA, VP AA & President)

2. Budget Planning Committee & Executive Council

3. Evaluation of budget process - shared governance (representational) to broader participation

Current Budget

https://www.coconino.edu/resources/files/pdfs/business-and-admin/budget/FY17 Budget Book Final.pdf

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Discussion

- Do you see any advantages to the "best practices" approach?

- What are the challenges?

    - How close or far away from this approach are our current processes and initiatives (e.g., Strategic Plan, Program Review, Unit Planning)?

More Information

- For full copies of the   Best Practices in Community College Budgeting and more information - go to: http://www.gfoa.com/school-budgeting

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Paying for priorities

- Resource for freeing up dollars to improve student success.
  - Occasional paper from GFOA
  - Co-authored with Mary McKeown-Moak
- Input from 35 CC budget officials
  - 11 different states; varying size
- Review of literature and other guides

Obtainable Strategies

Strategy	Score
Use more part-time or lower cost faculty	16
Leverage resources from foundations	16
Raise fees related to special courses (lab fees, materials fees,etc)	16
Across the board percentage cuts for all organizational units	17
Hiring freeze	19
Actively seek outside funding from private donors, corporations, and foundations	19
Rent facilities to the community, non-profits, or for private use	19
Seek competitive state or federal grants	22
Raise tuition	24

Aspirational Strategies

Strategy	Scor
!ncrease the number of classes faculty teach	-8
Offer employees temporary or partial leave without pay but with full benefits	-7
Reduce support for other extramural student activities	-6
Decrease offerings for expensive-to-deliver classes	-
Consoli date core courses (e.g. Statistics) offered by multiple departments	5 -
Reduce employer retirement plan contributions/	5
Increase employee retirement plan contributions	5
Charge differential tuition for high demand courses and/or high cost courses or for courses taught at certain times	- 5
Reduce or eliminate intercollegiate athletic programs	- 5

Obstacles to realizing savings

Regarding cost cutting steps you have not taken, which is your single biggest challenge?
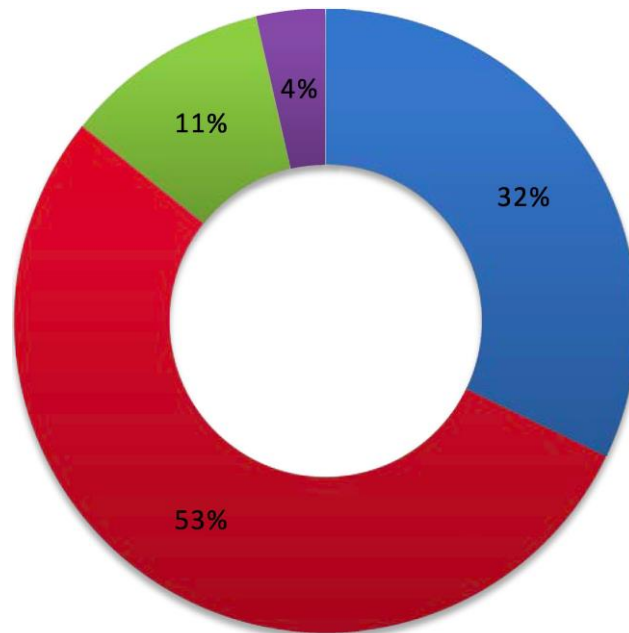
- Collective bargaining agreements
- Managers, Faculty and/or staff opposition
- Legislative/ regulatory requirements
- Union opposition

32%

53%

11%

4%