Government Finance Officers Association

Best Practices
in Community College Budgeting

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Introduction

Budgeting — the process by which programs and services are planned and funds are allocated to accomplish their goals — is crucial to any organization's success. The need for better budgeting is ever more pressing recently given the constant pressure to provide high-quality services with limited resources. This is especially true in community colleges, where budget decisions can impact the education and the financial burden to students for decades.

GFOA's best practices in community college budgeting guidelines are centered on a comprehensive budgeting process framework focused on alignment of resources and desired student outcomes. The framework represents the culmination of a multi-year effort led by GFOA, with input from numerous community college officials and other experts in higher education finance to develop guidelines for better budgeting tailored specifically for community colleges.

The recommended framework is not limited to financial topics. A robust budgeting process should engage and communicate with stakeholders, along with prioritizing goals, allocating resources, and tracking progress. The budgeting process develops a plan for implementation, is a tool for transparency, and also serves as a structure for ensuring accountability.

GFOA's best practices in community college budgeting framework begins with setting baseline expectations for what the budget process will achieve and examining internal and external forces that impact the budget. The focus then shifts to developing goals to guide the budgeting and planning processes, including analysis of gaps between current state and desired outcomes. Next are guidelines on developing strategies to achieve the college's goals and also prioritize spending accordingly. Also included are guidelines on how to develop a budget document that clearly communicates the allocation of resources and alignment with college goals and strategies. To help assess and improve programs, services, and the budgeting process, recommendations for monitoring and evaluating performance round out the framework.

The framework is organized around five major steps or phases: 1) develop inputs to the budgeting process; 2) define goals and identify gaps; 3) develop strategies; 4) prioritize spending; and 5) check performance. Included within each of the five major steps are more specific sub-steps, which provide details on how to implement the best practices, including supporting evidence and research on their effectiveness. Each of the 12 sub-steps include a highlight of recommendations, the key points, and also how the recommendations meet the criteria related to GFOA's Award for Best Practices in Community College Budgeting (http://www.gfoa.org/award-programs/award-best-practices-community-college-budgeting).

Colleges can find additional resources that complement the best practices in community college budgeting at www.gfoa.org.
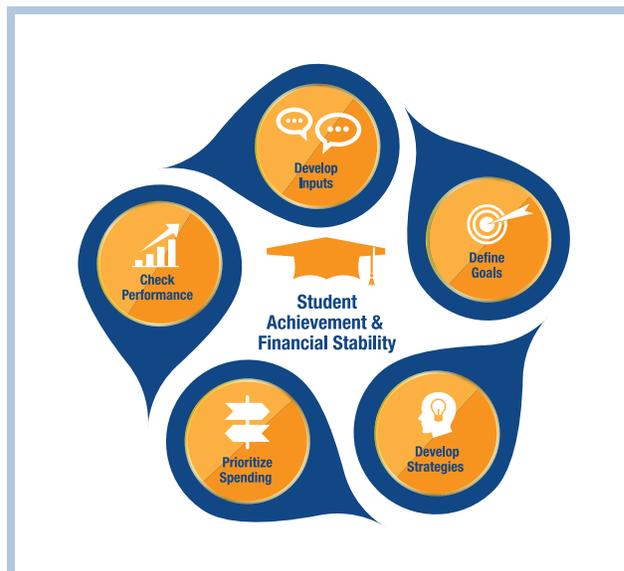
1A Adopt/Reaffirm Budget Principles & Policies to Guide the Budgeting Process

SUMMARY

Key Points

- A college should collaboratively develop budget principles and policies with those who have executive authority to propose a budget and those who have legislative authority to approve it, in conjunction with strategic planning and the finance department.

- Budget principles are general guidelines that a college intends to honor through its budgeting process. Principles are not designed to be technical so they can be understood and appreciated by all members of the organization and the public. By adopting budget principles, a college's decision makers can create overarching values to help frame and guide budget deliberations.

- Budget principles create overarching values for prioritization and resource allocation. Key principles to consider include defining goals for student achievement, using data to drive decision making, allocating dollars optimally to create the most benefit given the cost, reviewing past spending decisions, developing and adhering to a multiyear funding plan, and accounting for and reporting the true cost of serving students and the corresponding outcomes.

- Budget policies help a college to identify its financial action and provide a standard against which its fiscal performance can be judged. These policies could address establishing a general fund reserve, long-term forecasting, capital asset maintenance and replacement, monitoring of revenues and expenditures, diversification of revenue, pension and other post-employment benefits, and grant funding.

Related Award Program Criteria

- **Criterion 1.A.1: Budget Principles.** A set of principles should be formally adopted by the applicant and submitted as supplementary materials. The principles should address, at a minimum, the concepts outlined in the best practice.

- **Criterion 1.A.2: Budget Policies (Mandatory).** The applicant should formally adopt a set of budget policies and submit them as supplementary materials. At a minimum, the policies should address the topics recommended by the best practice.

Introduction

Developing a budget that optimally aligns resources with goal achievement may, for many community colleges ("colleges"), entail making changes in how resources are spent. Many long-standing assumptions about how best to develop a budget may need adjustment. A set of budget principles and policies, agreed to by those with executive authority to propose a budget and those with legislative authority to approve them before the budgeting process begins, can provide a touchstone for what matters most in the budgeting process — creating the best outcomes for students and the community with the money available, while also maintaining financial sustainability.

Budget principles and policies should be developed collaboratively between those with executive authority to propose a budget and those with legislative authority to approve the principles and policies, with the support of strategic planning and the finance department. A college should develop a process that allows governing board members, strategic planning, and financial staff to collaboratively participate in development of the principles and policies to ensure broad understanding and support for the concepts the principles and policies outline.

> This best practice addresses:
> I. Budget principles to consider.
> II. Budget policies to consider.

I. Budget Principles to Consider

Background. Budget principles set forth the ideals that a college's decision makers will adhere to as they develop the budget. Principles are important for creating a shared understanding of the overarching values that underpin budget development.

Recommendation. Colleges adopt, in some form, the principles below to help frame and guide budget deliberations. Colleges also may consider other principles that support the goal of optimizing student achievement.

- **Use goals to drive the budgeting process.** A college's explicit goals drive how resources are allocated or reallocated and are used to guide how potential new investments are evaluated in light of their alignment with the college's strategic direction.

- **Use data to make decisions.** Collecting and tracking performance measures and other data can help a college recognize where changes in its environment or services are occurring that require reallocation of funds or an infusion of new resources. For example, a college might adopt a policy stating that budget requests should be supported by data (e.g., longitudinal studies, labor market data) that illustrate a real need and/or the proven effectiveness of the proposed change.

Such requests will be looked upon more favorably than those without supporting documentation.

- **Consider both the inputs and outcomes of proposed budget decisions.** The budgeting process should seek to allocate available dollars optimally, in a way that will achieve the best value. This means that a college should consider both the cost of programs along with the benefits they provide.

- **Regularly re-examine patterns of spending and change them when they no longer make sense.** College budgeting processes are often "incremental," where last year's spending becomes the basis for the next year's budget, with incremental changes made around the margin. However, past patterns of spending may no longer be the best use of scarce resources given changing needs of students and the community. Consequently, the budgeting process should undertake a critical review of past spending decisions and a college should be willing to discontinue programs that are not achieving their objectives. To support these deliberations, a college should regularly review its programs and evaluate their impact relative to its strategic goals.

- **Take a long-term perspective.** Many colleges will not be able to make large changes to their educational strategy and resource allocation patterns within a single year. Further, a consistent

application of proven strategies over a multiyear period will deliver better results. Therefore, to the degree possible, a college should provide a multiyear funding plan for its strategies to optimize student achievement, with the goal of full funding and realigning resources where necessary to fund high-priority elements of the plan.

- **Be transparent.** Effective budgeting requires valid information about the true costs of serving students and the outcomes produced. Examples of more specific principles or policies to consider include:
  - **Make performance data readily available.** The budgeting process should be informed by valid and reliable data on fiscal and academic performance.
  - **Consider all costs in evaluating the cost of educating students.** A full cost accounting approach is necessary to evaluate the classroom and non-classroom costs of educating students. In setting, reallocating, or reducing budgets, the full cost of educating students should be considered.
  - **Use a consolidated "all funds" budget.** The budgeting process should consider all available funds in order to make the greatest impact with available dollars, while also acknowledging constraints on spending.
  - **Budget for programs.** The budget should identify programs, particularly individually defined certificate or degree programs. Programs are a set of activities designed to produce a defined result for a defined set of constituents.
  - **Communicate the principles.** Make the budget principles available to stakeholders. One method would be to post them on the college's website.

II. Budget Policies to Consider

Background. Budget policies clarify and crystalize the intent behind how the college will manage its financial resources. Policies identify acceptable and unacceptable courses of financial action, establish parameters in which the college can operate, and provide a standard against which the college's fiscal performance can be judged.

Recommendation. A college should develop and adopt policies in the areas indicated below.

General Fund Reserve

A college should adopt a policy to establish a formal level of unrestricted fund balance that should be maintained in the general fund as a reserve to hedge against risk. The policy should address, at a minimum: the target level of fund balance to maintain; the conditions under which fund balances may be spent; who can authorize the use of fund balance; and guidance on how the fund balance will be replenished to target levels after it has been used.

Long-term Forecasting

A policy should direct staff to develop long-term revenue and expenditure forecasts (typically covering three to five years) as part of the budgeting process and to consider these forecasts during budget development in order to address the future financial position of the college. The policy should also direct the development of long-term enrollment forecasts in order to support financial decision making, including, where practical, trend analysis for students in categories that cost more to educate, such as health care and technical career programs.

Funding New Programs

As a college looks for new ways to improve student learning, it will need to fund new programs and initiatives. Given that new programs are often at a natural disadvantage when competing with existing programs for funding, a college should develop policies that describe how it will fund and manage new programs. These policies could encourage practices that support budgeting decisions that best align resource allocation with optimizing student achievement, such as establishing a preference for "pilot" or "experimental" periods for new programs and up-front estimation of cost and benefits, followed by rigorous evaluation of actual results after a defined period.

Asset Maintenance & Replacement

A college should adopt policies that govern maintenance and replacement for its facilities as well as its shorter-lived assets such as technology. As a basic rule, the policy should direct that all assets will be maintained at a level that protects capital investment and minimizes future maintenance and replacement costs. The policy should commit the college to maintaining an inventory of its maintenance/replacement needs and define the funding mechanisms for staying current with those needs.

Estimating the Operating and Maintenance Costs of Capital Assets

Capital assets, especially facilities, are generally a significant part of a college's total spending and the impact on the operating budget is significant because facilities must be operated and maintained. A policy should, foremost, direct that the estimated operating and maintenance costs of a potential new asset be taken into account when assessing the feasibility of acquiring the asset, including the affordability of those costs within the operating budget.

Regular Monitoring of Key Revenues and Expenditures

A college should develop a policy that establishes regular monitoring and reporting of key revenues and expenditures. The policy should describe which specific revenues and expenditures are to be monitored, identify who is responsible for monitoring, and specify the frequency of reports.

Revenue Diversification and Stabilization

A college should adopt a policy to encourage diversification and stabilization of the revenue base in order to prevent fluctuations in revenue yield. It is possible to elaborate on this basic goal in several ways. A policy could direct a college to develop sources of revenue that are under its own control in order to make the college less vulnerable to changes in state funding. A policy could also encourage the college to actively seek out new revenue sources to diversify its revenue base, including offering guidance on how fees and charges should be used, the level of cost recovery expected for fees (including for college enterprises), and parameters for pursuing grants, partnerships, gifts, and endowments. Finally, because

tuition and fees are where a college generally has the most local control over its revenues (at least for colleges that have the legal ability to set their own tuition and fees), a policy should direct that tuition and fees are regularly reviewed and updated in order to ensure that they are appropriate.

Funding Pensions and Other Post-Employment Benefits (OPEB)

A pension and other post-employment benefits (OPEB) policy establishes the strategic approach on funding pension and OPEB liabilities. A college should adopt a policy that calls for it to contribute the full amount of its actuarially determined annual required contribution (ARC) each year and to target a 100 percent or more funded ratio (full funding). A policy should also address OPEB, such as health care coverage provided to retirees. GFOA recommends that a college finances these benefits as they are earned (i.e., prefund), rather than pay for benefits only as they become due. Unlike pensions, however, GFOA recognizes that in some cases, less than full actuarial funding is appropriate, perhaps because benefit levels will be adjusted over time to compensate for the effects of health care inflation.

Grant

Grant funding provides support for college programs, activities, and student scholarships. Some grants have special requirements in terms of how funds are spent, monitored, and reported or may require ongoing funding to maintain a program or asset beyond a grant's life. A college should adopt a policy that establishes not only how it will identify grants and parties responsible for meeting its requirements, but also conducting a formal evaluation of the programming the grant funded as its conclusion.

1B Examine Internal and External Forces that Impact the Budget

SUMMARY

Key Points

- By conducting an environmental analysis, a college can identify goals to pursue by evaluating where performance improvement and adaptation to changing conditions may be necessary.

- This best practice recommends that when conducting a financial analysis, a college should review its current revenue and expenditure structure and long-term financial position. The analysis of current revenue and expenses includes identifying basic composition of revenues, cost per credit hour across disciplines, operating and maintenance cost of capital assets, secondary indicators of financial health, and historical changes in its revenue base. When forecasting its revenue and expenditures, a college should first consult existing master plans and account for uncertainty. When performing the forecast, a college should use a quantitative model and document any assumptions made. A college should regularly check the forecasted figures against actual results and adjust the forecast method as needed.

- When reviewing student performance, a college should use cross-sectional analysis and longitudinal studies. Cross-sectional analysis examines data at a point in time, while longitudinal analysis examines student outcomes over time and is particularly useful for finding where students encounter difficulties and/or drop out.

- A college should review its internal capability with respect to key factors that support student achievement. This best practice recommends the analysis address issues related to human resource capacity, student needs and integrated support for student services, and acceleration of remedial students.

- The environmental analysis should also review external forces that have an important influence on a college's budget, such as competition from other colleges, labor market demand, stakeholder perception, and state and federal legislation.

Related Award Program Criteria

- **Criterion 1.B.1: Cost Structure Analysis.** The applicant submits an analysis of its cost structure as supplementary materials. In the award application, the applicant explains why it chose the particular analytical techniques it has employed and what insights it gained.

- **Criterion 1.B.2: Long-Range Financial Forecast (Mandatory)**. Long-range revenue and expenditure forecasts are presented in the budget document along with discussion of implications for organizational performance.

(continued)

- **Criterion 1.B.3: Long-Range Enrollment Forecast.** Long-range enrollment forecast is included in the budget document along with discussion of implications for organizational performance.

- **Criterion 1.B.4: Student Performance Data Analysis Overview.** The applicant uses a well-rounded set of data that includes cross-sectional analysis and longitudinal data studies, and other forms of data to monitor performance against standards and changes in performance over multiple years. The applicant can explain their approach to using data in the award application.

- **Criterion 1.B.5: Student Performance Data Analysis Example.** In the supplementary materials, the applicant can provide a sample presentation of measures that exemplifies its approach to using data.

- **Criterion 1.B.6: Environmental Assessment.** The document that describes the environmental assessment is submitted as supplementary materials.

Introduction

The budgeting and planning process must be informed by an analysis of forces and factors, internal and external to a college's organization, that have implications for the college's current and future performance. An analysis of the college's environment makes at least two critical contributions to the budgeting and planning process. First, with respect to goal setting, the environmental analysis suggests where it may be necessary to improve performance and adapt to changing conditions. This analysis can be used to better inform the goal-setting process. Second, the environmental analysis can help the college identify root causes of challenges it faces to reaching those goals. A college should perform a root cause analysis of the challenges it faces in reaching its goals in order to learn the underlying cause of each challenge and to develop the most effective solutions. These two uses of the environmental analysis will ultimately allow the college to quantify the impact of internal and external forces in the form of budgetary allocations.

This best practice describes the recommended elements of a thorough analysis of the environment, including:

I. Financial analysis. This includes analyzing the college's cost and revenue structure as well as making long-term forecasts.

II. Student performance. Understanding current levels of student performance is a critical prerequisite to setting performance goals.

III. Internal capabilities. An environmental analysis should examine the college's internal capability with respect to key factors that support student achievement.

IV. External influences. A college must also be aware of forces emanating from outside its organization.

I. Financial Analysis

A financial analysis provides insight into the current and prospective future financial position of the college. This best practice identifies two essential components of a financial analysis: analysis of current revenue and expenditure structure and long-term forecasts.

Analysis of Current Revenue and Expenditure Structure

Background. Most fundamentally, a college must understand its basic revenue and expenditure structures. Analysis of revenues and expenditures can take on a number of different forms.

Recommendation. A college should conduct the following forms of revenue and expenditure analysis.

- **Basic composition.** For revenues, this includes identifying what portion of the budget is funded by state-shared revenues versus revenues that are generated locally, and how much of the budget is funded by grants and fees. For expenditures, a college needs to understand the cost and staffing for each of its subunits (e.g., campuses, departments, programs).

- **Cost per credit hour across disciplines.** Some classes cost more than others, which may have implications for the cost of expanding offerings or for how the tuition/fee structure is developed.

- **Full cost of capital assets.** A college needs to be aware of not only the potential long-range capital costs for new assets required by their operations (e.g., adding faculty may require more offices), but also the cost to operate these assets over their life cycle. For example, construction of a learning commons may entail material operating costs.

- **Secondary indicators of financial health.** A college should also examine data outside of revenue and expenditure figures that indicate its financial position. Foremost, students drive demand for services from a college, so a college should understand the types of students it serves. For instance, some types of students may cost more to support that others (e.g., remedial vs. non-remedial) or may have different revenue implications (e.g., degree vs. non-degree).

- **Revenue base.** The college may examine historical changes in tuition rates compared to inflation and

to changes in the college's cost structure, for example. A college might also compare tuition with other educational alternatives available to students. A college with significant property tax funding should examine historical changes in rates and actual taxpayer bills,[1] along with the tax burden posed by the college compared with the tax burden created by similar colleges.

Long-Term Forecasts

Background. A college should develop long-term projections (i.e., typically three to five years into the future) of revenues, expenditures, enrollment, and other factors. Long-term forecasts help a college think more strategically about its budgeting and planning.

Recommendation. A number of specific techniques can be used by a college to make long-term forecasts, but the following guidelines should be incorporated regardless of the forecasting technique used.

- **Use a quantitative model.** Quantitative models generally outperform expert judgment when it comes to forecasting.[2] However, the quantitative model need not be complex to be useful — in fact, simpler models often perform just as well, if not better than complex ones,[3] and are easier to maintain and to explain to an audience. The forecaster's judgment still plays an essential role in forecasting, but should be judiciously applied.

- **Document assumptions.** The assumptions behind the forecast should be documented. This makes the forecasting process more transparent. It also provides an opportunity for learning as the forecasters can check the accuracy of their assumptions and adjust their approach to compensate for errors.

- **Examine existing master plans.** A college may have adopted master plans covering facilities, information technology, human resources, and other areas. These plans may suggest the need for certain expenditures and should be included in a college's forecasts.

- **Account for uncertainty.** Forecasts are inherently uncertain and the degree of uncertainty typically increases the further the forecaster looks into the future. The degree of uncertainty can be reduced by using better forecasting techniques, but uncertainty can never be eliminated. Accordingly, forecasters must accept that uncertainty exists,

assess the level of uncertainty in the forecast, and effectively communicate it to others.[4]

- **Check and adjust the forecast.** Forecasts should be regularly checked against actual results and the forecast methodology adjusted to learn from experience.[5] GFOA's experience and research suggests that this is one of the most crucial yet seldom performed parts of the forecasting process.

II. Student Performance

Background. A college should collect data and use it to evaluate and manage the services it provides.[6] Cross-sectional analysis and longitudinal studies are the two primary ways to analyze student performance.

Cross-sectional analysis examines data at a point in time and has the advantage of being easy to conduct, while still yielding useful insights. For example, one college learned that students were postponing required math courses until the end of their course of study, some of which had to be taken sequentially. This resulted in delays in graduation that could have been avoided had the classes been taken earlier.[7]

Longitudinal analysis examines student outcomes over time and is particularly useful for finding where students encounter difficulties and/or drop out.[8] This is done by tracking entering students each year and their success in meeting key milestones on the way to a "terminal" accomplishment, such as completing a certificate or degree or transferring to a baccalaureate institution.[9] Milestones are measurable educational achievements that include the conventional terminal accomplishments, but also intermediate outcomes, such as completing developmental education, passing college-level math and English, and persisting from term to term.

Recommendation. A college should use both cross-sectional and longitudinal analysis of student performance. The following additional considerations apply to analyzing student data.

- **Disaggregate.** For both cross-sectional and longitudinal analysis (but particularly longitudinal analysis), a college should consider disaggregating data in order to learn more about the performance of different segments of the student population. Key dimensions to disaggregate include age, race, gender, and income.[10] Other dimensions may also be

informative, such as full- versus part-time enrollment for students' first term.[11]

- **Use existing practices as a starting point.** A college should consider using existing measurement requirements or practices as a starting point for student achievement analysis. These requirements can establish a foundation for what is to be assessed and how it is to be measured. Measurement requirements or practices may also make it possible for a college to compare its student achievement to similar colleges elsewhere. Relative performance data help guide the process of establishing goals.

- **Capture information across the college experience.** The measurements that a college tracks to analyze student performance should capture information across the range of the student body's college experience, accommodating students' different starting points and goals. Examples of such measures could include:
  - Developmental education progress (e.g., completion of college-level math or English/reading course; completion of developmental education).
  - Two-year metrics (e.g., retention; completion of target number of units).
  - Completion/transfer (e.g., percentage of students transferring to four-year institutions; percentage of students completing certificates; percentage of students completing associate degrees).
  - Six-year metrics (e.g., percentage of students who completed/transferred after six years; percentage who left with no award; percentage still enrolled).

- **Track other measures relevant to the college's particular circumstances.** A college may track other measures that are relevant to its

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A Model Measurement System
The American Association of Community Colleges offers a framework of measures that were developed by and for community colleges specifically. Information on the Voluntary Framework of Accountability, including technical guidance, can be found at the association's website — http://vfa.aacc.nche.edu.

responsibilities. For example, a college that provides a large number of English language learner (ELL) classes may want to develop measures to assess the impact of that investment. (For example, how many students who enroll in ELL eventually take and complete the course that marks proficiency in English?) A college may also track student use of college resources, such as student withdrawals, course waiting lists, low enrollment classes, etc.

III. Internal Capabilities

Background. A college's internal capabilities as an organization are one of the most important determinants of student success. A college should examine the facets of organizational capacity that have the biggest potential impact on student success and its budget.

Recommendation. A college should analyze its internal capabilities as related to the following issues:

- **Human resource capacity.** Staff members are a primary component of an effective college. However, many, if not most, positions may be part-time or adjunct, resulting in distinctive human capital development challenges. Accordingly, a college should analyze its human resource capacity so that it can direct investments in human capital wisely. For example, a college should examine the level of support for professional development, particularly that which helps part-time and adjunct professors become better teachers for academically unprepared students and/or those from minority populations.[12] A college might also look at how teaching talent is aligned with student demand. For instance, how do course offerings and instructor skills match up with the courses students demand?

- **Student needs and integrated support for student services.** Community colleges are accessible institutions that must fit the needs and schedules of a wide variety of students. Consequently, challenges can arise when advising and supporting such a diverse audience. A college should examine how it provides integrated support for students so that it can develop and fund new or different support services as need arises. This might include, for example, the program of study structure. Degree, certificate, and transfer preparation programs should outline courses that

students are expected to take, including: core elements, sequencing requirements, and where applicable, corresponding electives. A college should also analyze its non-academic support system, focusing on what students need to succeed and whether they are getting it. For example, students might require additional assistance with developing college success skills, clarifying personal goals, researching financial aid options, or obtaining social services.

- **Acceleration of remedial students.** Colleges often must provide services to many students that need academic remediation. Consequently, remedial or developmental instruction is a large component of college budgets. A college should analyze how it serves remedial students and look for ways to improve the outcomes of developmental programs. This might include, for example, the structure of the remediation program and methods to accelerate students through remediation.

IV. External Influencers

Background. Colleges are subject to a variety of outside forces that can have an important influence on the budget.

Recommendation. A college should consider at least the following three factors when assessing external influencers:

- **Labor market analysis.** Labor market analysis looks at potential employers' demand for the skills that the college teaches — or could be teaching — its students. Labor market data can be used to decide which programs to offer and how many graduates the college should try to produce, assess the college's success in helping students succeed in the labor market, help students make informed choices about which programs to enter based on the availability and compensation of employment, and advocate for the college by demonstrating positive employment outcomes for its graduates.[13] More precise analysis can even identify the point at which students have taken a sufficient number of credits to make a material impact on their subsequent earnings in the labor force.[14]

- **Gathering stakeholder perceptions.** A college should also gather more qualitative information on stakeholder perceptions. For example, a college should regularly conduct surveys and focus groups

with students, faculty, and staff to identify strengths and weaknesses in programs and services as well as opportunities for improvement.[15] Discussions with employers can also be helpful for gaining a deeper understanding of how to match the college's services with the labor market.[16]

- **State and federal legislation.** Colleges are subject to state and federal legislation that impacts operations and as a precautionary measure, a college should take appropriate steps to become aware of new or changing legislation that could impact its budget.

Endnotes

1 Simply looking at rates may provide a misleading view of the tax burden on the community if property values have been changing significantly.

2 Forecasting science expert J. Scott Armstrong describes "strong empirical evidence" in favor of using quantitative over qualitative methods as a general principle of forecasting. See J. Scott Armstrong, ed., *Principles of Forecasting* (Boston: Kluwer Academic Publishers, 2001).

3 See Spyros Makridakis and Michele Hibon, "The M-3 Competition: Results, Conclusions, and Implications," *International Journal of Forecasting* 16 (2000) 451-476. The "M Competitions" were a series of three forecasting accuracy tests conducted over almost a 20-year period by Makridakis and various colleagues. The results have been widely studied, replicated, and cited.

4 Spyros Makridakis, Robin Hogarth, and Anil Gaba, *Dance with Chance: Making Luck Work for You* (Oxford, England: Oneworld Publications, 2009).

5 Armstrong, *Principles of Forecasting*.

6 Davis Jenkins, "Institutional Effectiveness and Student Success: A Study of High- and Low-Impact Community Colleges," *Community College Journal of Research and Practice*, 31:12 (2007).

7 Joanne Bashford and Doug Slater, "Assessing and Improving Student Outcomes: What We Are Learning at Miami Dade College," Report No. 2 in the Culture of Evidence Series (Community College Research Center/Achieving the Dream, January 2008).

8 "Field Guide for Improving Student Success," Achieving the Dream. achievingthedream.org.

9 D. Timothy Leinbach and Davis Jenkins, "Using Longitudinal Data to Increase Community College Student Success: A Guide to Measuring Milestone and Momentum Point Attainment." *CCRC Research Tools, No 2* (New York: Community College Research Center, January 2008).

10 "Field Guide for Improving Student Success," Achieving the Dream. acheivingthedream.org.

11 Leinbach and Jenkins, "Using Longitudinal Data to Increase Community College Student Success."

12 Jenkins, "Institutional Effectiveness and Student Success," pp. 945-962.

13 "A Guide to Labor Market Data's Power to Improve Student Success," The Aspen Institute College Excellence Program.

14 Davis Jenkins, "A Short Guide to 'Tipping Point' Analyses of Community College Student Labor Market Outcomes," *CCRC Research Tools, No 3* (New York: Community College Research Center, April 2008).

15 "Field Guide for Improving Student Success," Achieving the Dream.

16 "A Guide to Labor Market Data's Power to Improve Student Success," The Aspen Institute College Excellence Program.

2A Develop Goals to Guide the Budgeting and Planning Process

SUMMARY

Prerequisites

- Best Practice in Community College Budgeting, 1B — Examine Internal and External Forces that Impact the Budget

Key Points

- Goals for student achievement are the starting point for a college's budgeting process. Therefore, it is important to format goals appropriately and distribute them to all individuals and organizational subunits of the college.

- A college should develop its goals using the SMARTER framework, which allows a district to test its goals against seven characteristics of effective goals: Specific, Measurable, Achievable, Relevant, Time-bound, Engaging, and Resourced.

- As part of the goal setting process, a college should clarify its responsibilities and assess its current strategic environment. A college should also embrace a collaborative effort when developing goals for multiyear college-wide improvement. Ultimately the goals should address the results that the college and its subunits wish to achieve for student performance and factors to support student achievement goals.

- Once the goals are set, a college should distribute them to its subunits so that all parties can work towards achieving them.

Related Award Program Criteria

- **Criterion 2.A.1: College-wide SMARTER goals (Mandatory).** The applicant has articulated a set of college-wide goals that is consistent with the SMARTER framework, as demonstrated by the presentation of the goals in the supplementary materials.

- **Criterion 2.A.2: Sub-unit SMARTER goals (Mandatory).** The goals have been distributed to individual subunits, as demonstrated in the supplementary materials.

- **Criterion 2.A.3: Goal Content.** The goals address student performance as well as factors that influence student performance (e.g., acceleration of remedial learning, professional capacity of staff, etc.) as demonstrated in the supplementary materials.

Introduction

Ambitious goals for student achievement are the starting point and a lynchpin for the community college budgeting process. The reasons that a strong set of goals is essential include:

- Goals articulate the vision for the community college as an institution.
- College-wide goals form the basis for distributing performance objectives to subunits of the college.
- Goals are used to assess progress, identify gaps, and evaluate spending opportunities (e.g., does the proposed use of resources further the goal or not?).
- Goals are the basis for evaluating whether resources have been used effectively (i.e., has the community college organization moved closer to achieving its goals or not?).

This best practice describes:

I. The goal-setting process.

II. The preferred format for goals ("SMARTER" framework).

I. The Goal Setting Process

Background. The college's goals establish the expected overall performance that the college will achieve as an organization. Goals established at the college-wide level should be used to guide the development of goals for the college's subunits.

Recommendation. A college's goal-setting process should incorporate the following steps:

- **Clarify the college's responsibilities.** As a prerequisite to goal setting, some colleges may find it useful to clarify their responsibilities. Community colleges are often seen as being "all things to all people," which can result in a creeping scope of responsibilities.[1] This has the effect of reducing focus on core responsibilities. Clarifying responsibilities will allow for more focused goal setting.

Strategic Planning and the Budget

If a college has a strategic planning process, the goals developed as part of that process should, ideally, drive the budgeting process. If the strategic plan promulgates goals that meet the criteria described in this best practice, a separate goal-setting process for the budget should not be necessary.

- **Assess the college's strategic environment.** The college must understand where it is today in order to best develop a goal for where it wants to be. Assessing strengths, weaknesses, opportunities, and threats in the college's strategic environment may suggest goals the college should pursue in order to ultimately optimize student achievement. Best Practice in Community College Budgeting, 1B — Examine Internal and External Forces that Impact the Budget discusses analyzing the environment in greater detail.

- **Set SMARTER goals for multiyear college-wide improvement.** Based on a review of the strategic environment, a college should have a better understanding of what achievements are reasonable to expect within the next budget cycle, as well as during the following years; where the most improvement may be needed; and where status-quo conditions are acceptable. Based on this understanding, SMARTER goals can be set for college-wide performance. There are a number of established methods for setting goals, although the best method depends on the organization's unique circumstances. At a minimum, the goal-setting process should:
  - Incorporate a review of the strategic environment.
  - Be collaborative and reflect input from the groups that have a role in achieving the goals, such as management, support staff, and faculty.
  - Take a long-term perspective, but also identify shorter-term "quick win" opportunities in order to build momentum.[2]

- **Distribute goals.** Just as goals must be collaboratively set, they must also be collaboratively achieved. A college should distribute responsibility for achieving the goals to its subunits according to its organizational structure. As a best practice, all sub-goals that are distributed to subunits should, like the college-wide goals, conform to the SMARTER goal framework.

II. The SMARTER Goal Framework

Background. The SMARTER goal framework allows the college to test its goals against seven characteristics of effective goals, where each letter of the SMARTER acronym signifies one of the following characteristics:

- **Specific.** The goal is precise about the outcome or result, ideally using quantifiable standards of performance or conditions that can be readily observed. For example, increasing the percent of credit hours successfully completed in the first term from 60 percent to 75 percent, or increasing the percent of students who complete an associate's degree or certification within two years from 50 percent to 66 percent.

- **Measurable.** The goal can be measured. The data to accurately assess the current level of performance (and changes in performance) should be obtainable for a reasonable cost and quickly enough to support management's decision making.

- **Achievable.** The goal is rooted in an understanding of the college's current strategic environment, including factors such as current levels of student achievement, professional capacity of the college's staff, integrated support for students, methods to accelerate remedial students, the choice architecture, and the instructional program coherence. This understanding is used to develop goals that the organization can reasonably expect to accomplish, including smaller short-term goals to build momentum towards longer-term goals.[3]

- **Relevant.** A community college should develop goals to guide budgeting and planning that reflect the college's mission. This might include, for example, results or outcomes relative to: students' completion of associate degrees and transfer to four-year institutions; students' completion of training that leads to a professional certification; remediation for struggling students seeking to enter college-level programs; development of adult basics skills like English language learning and GED completion; customized training for local employers or unions; or early college high schools. However, community colleges may face pressure to develop goals related to subjects outside of the college's mission. Hence, "relevant" goals must also remain focused primarily on the core elements of the community college's mission that have widely been agreed upon as critical.

- **Time-bound.** The goal should identify a time period within which the goal is to be achieved as well as interim milestones where incremental progress will occur. When the goal has a multiyear timeframe, the college should identify what is achievable within the current budget cycle and what is expected to be achieved up to five years into the future.

- **Engaging.** The goal reaches for ambitious, yet realistic, optimization of student achievement and organizational performance. By setting ambitious goals, a community college signals a belief that its students can achieve these high standards as well as a belief that positive changes by the community college will lead to meeting student achievement targets.[4]

- **Resourced.** The college has the capacity to achieve its goals and has aligned and coordinated those resources accordingly. The budget is the process by which goals are resourced.

Recommendation. A college should follow the SMARTER goal framework to develop goals that guide the budgeting process. These goals should address the results the college and its subunits wish to achieve in two key areas:

- Student performance.[5]

- Factors that support students in meeting achievement goals. For example, a goal might address the speed with which the college can fill vacancies with qualified employees.

Endnotes

1   Richard M. Romano, "Looking Behind Community College Budgets for Future Policy Considerations," *Community College Review* 40 (2012): 165. Originally published online April 3, 2012.

2   Achieving gains in the short-term is thought to build momentum and encourage stakeholders. See Mark E. Van Buren and Todd Safferstone, "The Quick Wins Paradox," *Harvard Business Review* (January 2009).

3   Informed by the concept of "proximate objectives" in Richard P. Rumelt, *Good Strategy, Bad Strategy: The Difference and Why It Matters* (2011).

4   From Allan R. Odden, *Improving Student Learning When Budgets are Tight* (2012).

5   See GFOA Best Practice Community College Budgeting, 1B – Examine Internal and External Forces that Impact the Budget, for more guidance on how to best analyze student achievement.

2B Identify the Gaps between the Goals and Current State and Determine the Root Causes of those Gaps

SUMMARY

Prerequisites

- Best Practice in Community College Budgeting, 2A — Develop Goals to Guide the Budgeting and Planning Process

Key Points

- A college should perform a root cause analysis to find the underlying cause of the gap between its actual and desired level of performance (as identified in the goal-setting process). Two easy tools for conducting a root cause analysis are "the 5 whys" and cause-and-effect diagrams.

- A root cause analysis should focus on issues that have the greatest impact and that a college is most able to influence through its actions. This best practice suggests potential categories of root causes that colleges should consider: organizational capacity, integrated support for students, adequate support for remedial students, instructional program coherence, choice architecture, physical plant, and measurement systems.

Related Award Program Criteria

- **Criterion 2.B.1: Root Cause Analysis (Mandatory).** The applicant has conducted root cause analysis on the gaps between its goal state and current state as evidenced by an example of the root cause analysis that is clearly related to one or more of the applicant's goals submitted with the supplementary materials. The applicant explains how it conducted its analysis and what it learned generally in the award application.

Introduction

After a community college identifies its desired level of student achievement and/or other goals (e.g., a condition related to a critical support of student achievement, such as professional capacity or integrated support for students), through goal setting,[1] it may find that there is a gap between its current level of performance and its desired level of performance. A college should further investigate this gap to discover its *root cause.*[2] Root cause analysis is a method of problem solving that looks beyond symptoms to find the underlying cause of a problem. By finding root causes, a college can develop the most effective, long-lasting solutions.

This best practice describes:

I. The rationale for root cause analysis.

II. Categories of potential root causes of underperformance.

Prevention vs. Remediation

Root cause analysis has the advantage of focusing the organization on preventative, rather than remedial, solutions. Prevention is often cheaper, and is almost always better for the constituent.

I. The Rationale for Root Cause Analysis

Background. Root cause analysis seeks to go beyond symptom-level solutions to problems to find the underlying causes of the problems or deficiencies being observed. With an understanding of the root cause of the problem, a college can develop the most effective and enduring solutions. Further, going through a structured root cause analysis can lead to surprising findings — findings that may differ from initial assumptions. Finally, the process of root cause analysis requires those with differing perspectives on the problem to come together to perform the analysis. This collaboration is the starting point for developing a broad base of support for the solutions to be developed.

Recommendation. A college should systematically identify the root causes of the gaps between its current level of performance and desired level of performance.

II. Categories of Potential Root Causes of Underperformance

Background. A root cause analysis can start with a "blank slate," or an open consideration of possible causes, but it is often helpful to consult standard categories of potential causes of underperformance for the sake of comprehensiveness.

Recommendation. This best practice presents standard categories of root causes of underperformance for community colleges.[3] Not every category will prove useful for every problem analyzed, so colleges need not devote equal attention to each category.

- **Organizational capacity.**[4] Includes supports for professional development to improve teaching and job skills, levels of faculty and staff engagement, and talent acquisition practices.

- **Integrated support for students.**[5] Addresses the structure of programs of study, such as clearly defined core elements, sequencing requirements, and where applicable, corresponding electives. This also includes non-academic supports such as advising and academic goal-setting, orientation, and development of college success skills.

- **Adequate support for remedial students.**[6] Addresses the structure of the remediation program, methods to accelerate remedial learners through basic skills and into college-level coursework, and contextualization of basic skills in order to increase learning.

- **Instructional program coherence.** Addresses the extent to which a set of interrelated programs for students and staff exist that are guided by a common framework for curriculum, instruction, assessment, and learning climate, and that are pursued over a sustained period of time. All aspects of a college's programs and services — including orientation and intake, placement testing, remediation, curriculum, instruction, assessment, academic support, and so on — should be well-integrated and aligned to achieve program-level learning goals.

- **Choice architecture.** A large body of research indicates that too many complex choices can lead to indecision, procrastination, self-doubt, and paralysis.[7] Choice architecture addresses the extent to which the college has simplified bureaucratic procedures (such as registering for classes and applying for financial aid) and offered students a more limited set of program options in order to mitigate self-sabotaging behaviors.

- **Physical plant.** Addresses the condition, location, and layout of physical facilities, the functionality of equipment and technology, and the adequacy of other learning aids (e.g., textbooks).

- **Measurement systems.** Addresses the measurement systems used to gauge the state of the problem. For example, the measurement system might not provide an accurate gauge or it influences the subject of the measurement to behave differently than it would otherwise.

Endnotes

1   See GFOA Best Practice in Community College Budgeting, 2A – Develop Goals to Guide the Budgeting and Planning Process.

2   The Achieving the Dream program recommends the use of root cause analysis as a key part of a college's efforts to optimize student achievement. See the "Field Guide for Improving Student Success" available at achievingthedream.org.

3   The categories are derived primarily from Anthony S. Bryk, Penny Bender Sebring, Elaine Allensworth, Stuart Luppescu, and John Q. Easton, *Organizing Schools for Improvement: Lessons from Chicago* (Chicago: University of Chicago Press, 2010). However, it should be noted that Bryk, et al. do not distinguish between "primary" and "secondary" causes in their "5 essential supports" of student learning that the root cause categories were largely drawn from. Further, the GFOA added to this the categories of "physical plant" and "measurement systems" to account for root cause categories that the inventor of cause-and-effect diagrams, Kaoru Ishikawa, believed are generally applicable to all applications of root cause analysis.

4   See GFOA Best Practice in Community College Budgeting, 3B — Develop Strategies.

5   Ibid.

6   Ibid.

7   See for example Sheena Iyengar, *The Art of Choosing* (New York: Twelve, 2001).

3A Research Proven Strategies and Practices

Prerequisites

• Best Practice in Community College Budgeting, 2A — Develop Goals to Guide the Budgeting and Planning Process

• Best Practice in Community College Budgeting, 2B — Identify the Gaps between the Goals and Current State and Determine the Root Causes of those Gaps

Key Points

• To close the gap between the college's current and desired states, it should review practices that researchers have proven effective in improving college performance to determine if these practices are appropriate for its own plan and budget.

• For example, with over half of high school students entering community college behind in their readiness for college-level coursework, a college may want to explore ways to help students plan, initiate, and sustain success. It may use proven strategies such as orientation to help prepare students for the college environment and first-year programs to build relationships with other students, faculty, and staff. A college may also explore strategies to support students struggling to complete the program.

• After adopting the proven strategies, it is important for a college to provide resources for faculty to meet regularly to examine course and program outcomes and to refine the programs and strategies as necessary. In addition, a college should provide faculty and staff with professional development opportunities that reinforce efforts that help to close achievement gaps and improve overall student success.

Related Award Program Criteria

• **Criterion 3.A.1: Institutional Priorities (Mandatory).** The applicant has developed a set of institutional priorities as demonstrated by the presentation of the institutional priorities in the supplementary materials. The applicant can provide research citations and/or other references of research in support of the development of the institutional priorities in the supplementary materials. Note that the applicant does not necessarily have to use the term "institutional priorities" in its budgeting process or document — any term is acceptable as long as the underlying concept is met.

Introduction

After a community college has developed a set of SMARTER goals, identified gaps between the desired goal state and the college's current condition, and performed a root cause analysis on those gaps, it must find ways to close those gaps. Many of those goals and gaps will relate directly to optimizing student achievement. Hence, the starting point is to research strategies and practices that have effectively optimized student achievement elsewhere.

This best practice document provides an overview of the strategies and practices that have been shown to be effective for improving student learning in community colleges.

I. Proven Strategies and Practices for Optimizing Student Achievement

Background. A college's budgeting process must identify potentially effective strategies and practices to optimize student achievement so that these practices can be supported by action planning and budget allocations. This begins by starting the budgeting and planning process early enough to allow time to perform research and consider new methods. Research into new and effective strategies and practices must also be rooted in an understanding of where the college has not met its desired goals and the root causes for that condition. This helps focus research and the consideration of new strategies and practices in the areas that matter most.

Recommendation. This document describes a number of strategies and practices that have been proven effective by professional researchers. A college should reflect on these practices and determine the role that they might play in the college's own plan and budget for meeting student achievement goals.

Finding Other Practices

It is likely that a college will need to identify new strategies and practices besides those documented here. For example, a new scheduling practice or new sources of revenue may be needed. Colleges are encouraged to network with peers, consult professional journals and associations, and take other steps to find solid ideas as necessary.[1]

Helping Students to Plan for Success

In the United States, 60 percent of recent high school graduates enter community college already behind in their readiness for college-level coursework.[2] This suggests that community colleges should make a concerted effort to help students plan to be successful in college.[3] Specific practices colleges should consider include:

- **New approaches to placement.** Research suggests that traditional approaches to placement tests produce suboptimal accuracy rates.[4] Accurate assessment is critical because students who enroll in needed developmental education courses during the first term are more likely to complete their developmental sequence.[5] Colleges can take a variety of approaches to refining their placement strategies and procedures, including taking high school grades into account, expanding the grounds for waiving placement exams (e.g., sufficient high school GPA), aligning placement exams better with the college curricula so that they are more accurate predictors of success, enhancing the diagnostic value and use of the exams in order to justify the investment in a more precise testing instrument, and better preparing students to take the exams.[6]

- **Orientation.** Research shows that mandatory student orientations lead to higher student satisfaction, greater use of student support services, and improved retention of at-risk students.[7] Common components of orientation are information about and/or use of the college's personal/social support services; information about and/or use of the college's academic support network; and use of information resources (e.g., library, finding and evaluating sources).[8]

- **Academic goal setting and planning.** This encompasses course selection, but also identification of long-term goals with students. Colleges should help students set long-term goals, identify the plan to achieve the goals, and help them to update the plan and goals as circumstances suggest.[9]

Initiating Success

After planning for success, community colleges should invest resources in helping students to start college successfully.[10] Specific practices colleges should consider include:

- **Accelerating developmental education.** Research suggests that accelerated developmental education models lead to improved outcomes for developmental students.[11] Examples of methods to accelerate developmental education include mainstreaming higher-level developmental students and teaching developmental materials in the context of the student's chosen field of study (e.g., basic math for nursing).

- **First-year experience programs.** These programs help first-year students build relationships with other students, faculty, and staff. Common components of these programs are time management skill training and provision of information on academic and non-academic support services.[12] Participating students demonstrate better relations with faculty, better time management skills, and greater awareness of support resources.[13]

- **College success course.** Colleges can offer courses on skills such as note-taking, time management, and study skills. Students who complete these courses are more likely to complete other courses, earn better grades, and obtain degrees.[14]

- **Learning community.** Learning communities are small groups of students taking two or more linked classes together. Ideally, the instructors coordinate the content of the courses and jointly review student progress. Learning communities may contribute to higher grades, credit accumulation, and greater learning satisfaction.[15]

Sustaining Success

Colleges should work to sustain the success of their students through to terminal completion.[16] In particular, effective colleges provide targeted support for struggling students, especially where there are systematic gaps between different segments of students.[17] Sustaining success can take a variety of forms including:

- **Tutoring.** Research suggests that participation in tutoring is associated with higher GPAs and pass rates.[18] Tutoring is often conducted one on one, but could be done in small groups or online.

- **Supplemental instruction.** Supplemental instruction is a regular, supplemental class for a portion of students enrolled in a larger course section. Research suggests that students participating in supplemental instruction earn higher grades than non-participating students.[19]

- **Encouraging class attendance.** Colleges should consider steps to encourage regular attendance at classes, as attendance has been shown to be powerful predictor of academic performance.[20] For example, colleges that use an alert system that flags students who miss more than three class periods have higher completion rates.

- **Proactive identification and referral.** Colleges should proactively identify struggling students in their courses and refer to them to assistance.[21] Research suggests that when colleges alert students to their academic difficulties, students are more likely to successfully complete the course and to persist in their program of study.[22]

- **Experiential learning beyond the classroom.** Internships, apprenticeships, clinical assignments, and other "hands-on" experiences enhance students' skills and help them develop professional networks.[23]

Ongoing Curriculum Development

Community colleges should provide resources for faculty to meet regularly to examine course and

program outcomes for addressing achievement gaps and improving student success, and to assess programs and teaching strategies from the perspective of current research on effective practice.[24]

Professional Development is Aligned with Strategies to Improve Student Success

Colleges should provide faculty and staff with professional development opportunities that reinforce efforts to close achievement gaps and improve overall student success. In particular, colleges should provide training to faculty and staff on using data and research to improve programs and services.[25]

Endnotes

1 William D. Eggers and Shalabh Kumar Singh, *The Public Innovator's Playbook* (Harvard Kennedy School / Deloitte, 2009).

2 T. Bailey, "Challenge and Opportunity: Rethinking the Role and Function of Developmental Education in Community Colleges," *New Directions for Community Colleges*, 145 (2009): 11–30.

3 The grouping of practices suggested by the work of the Center for Community College Student Engagement in "A Matter of Degrees: Promising Practices for Community College Student Success (A First Look)" (Austin, TX: The University of Texas at Austin, Community College Leadership Program, 2012).

4 These two studies suggest large numbers of "severe errors" in placement. See J. Scott-Clayton, "Do High-stakes Placement Exams Predict College Success?", CCRC Working Paper No. 41 (New York: Columbia University, Teachers College, Community College Research Center, 2012) and C. Belfield and P.M. Crosta, "Predicting Success in College: The Importance of Placement Tests and High School Transcripts," CCRC Working Paper No. 42 (New York: Columbia University, Teachers College, Community College Research Center, 2012).

5 "A Matter of Degrees" by the Center for Community College Student Engagement cites J. Weissman, C. Bulakowski, and M.K. Jumisko, "Using Research to Evaluate Developmental Education Programs and Policies," in *Implementing Effective Policies for Remedial and Developmental Education: New Directions for Community Colleges*, ed. J. M. Ignash (San Francisco: Jossey-Bass, 1997), 100, 73–80.

6 Pamela Burdman, "Where to Begin? The Evolving Role of Placement Exams for Students Starting College." (Boston: Jobs for the Future, 2012).

7 "A Matter of Degrees" by the Center for Community College Student Engagement cites H. Boylan and D. Saxon, "What Works in Remediation: Lessons from 30 Years of Research" (2002). Prepared for the League for Innovation in the Community College. Retrieved from http://inpathways.net/Boylan–What%20Works.pdf.

8 Center for Community College Student Engagement, "A Matter of Degrees."

9 Ibid.

10 The grouping of a practices suggested by the work of Center for Community College Student Engagement, "A Matter of Degrees."

11 S.W. Cho, E. Kopko, and D. Jenkins, "New Evidence of Success for Community College Remedial English Students: Tracking the Outcomes of Students in the Accelerated Learning Program (ALP)" (New York: Columbia University, Teachers College, Community College Research Center, 2012).

12 Center for Community College Student Engagement, "A Matter of Degrees."

13 Center for Community College Student Engagement, "A Matter of Degrees" cites J.E. Brownell, and L.E. Swaner, "Five High-Impact Practices: Research on Learning Outcomes, Completion, and Quality" (Washington, DC: Association of American Colleges and Universities, 2010).

14 Center for Community College Student Engagement, "A Matter of Degrees" cites C. Moore and N. Shulock, "Student Progress toward Degree Completion: Lessons from the Research Literature." (2009). Retrieved from http://www.csus.edu/ihelp/PDFs/R_Student_Progress_Toward_Degree_Completion.pdf.

15 Ibid.

16 Category of solutions suggested by the work of Center for Community College Student Engagement, "A Matter of Degrees."

17 Davis Jenkins, "Institutional Effectiveness and Student Success: A Study of High- and Low-Impact Community Colleges" (New York: Community College Research Center, 2007).

18 Center for Community College Student Engagement, "A Matter of Degrees" cites H. Boylan, L. Bliss, and B. Bonham, "Program Components and their Relationship to Student Success," *Journal of Developmental Education* 20, no. 3 (1997): 2–4, 6, 8.

19 Center for Community College Student Engagement, "A Matter of Degrees" cites E.T. Pascarella and P.T. Terenzini, "How College Affects Students: A Third Decade of Research," vol. 2 (San Francisco: Jossey-Bass, 2005).

[20] Center for Community College Student Engagement, "A Matter of Degrees" cites M. Crede, S.G. Roch, and U.M. Kieszczynka, "Class Attendance in College: A Metaanalytic Review of the Relationship of Class Attendance with Grades and Student Characteristics," *Review of Educational Research* 80, no. 2 (June 2010): 272–295. However, the CCCSE also notes that there is little research on the effectiveness of community college attendance policies as means to improve attendance.

[21] Jenkins, "Institutional Effectiveness and Student Success."

[22] "Center for Community College Student Engagement, "A Matter of Success" cites C. Bourdon and R. Carducci, "What Works in the Community Colleges: A Synthesis of Literature on Best Practices" (Los Angeles: UCLA Graduate School of Education, 2002) (ERIC Document Reproduction Service No. ED471397).

[23] Center for Community College Student Engagement, "A Matter of Degrees."

[24] "Field Guide for Improving Student Success," Achieving the Dream.

[25] Ibid.

3B Develop Strategies

SUMMARY

Prerequisites

- Best Practice in Community College Budgeting, 2A — Develop Goals to Guide the Budgeting and Planning Process

- Best Practice in Community College Budgeting, 2B — Identify the Gaps between the Goals and Current State and Determine the Root Causes of those Gaps

- Best Practice in Community College Budgeting, 3A — Research Proven Strategies and Practices

Key Points

- Based on its research into proven strategies and practices, a college needs to articulate its own institutional priorities. An institutional priority is an overall approach for overcoming the problems identified by a college's diagnosis of root causes. This best practice recommends that an institutional priority be clear, though not overly specific, about how it will improve student achievement and describe the assumed mechanism by which it will affect the college's performance. A college needs focus in how it will meet student achievement goals, thus it should focus on a limited number of institutional priorities.

- An action plan describes the steps to implement the institutional priorities as well as explains how resources will be used to implement the strategies. This best practice recommends that a college's action plan contain the following: goals for the college as well as its subunits, performance measures to determine if goals are being achieved, specific action steps to implement the action plan, guidance on personnel and other resources, and analysis on long-term financial sustainability (e.g., three-year estimates on revenue and expenditures).

- With the institutional priorities and action plan in place, a college has defined a set of strategies that should be formally adopted. To formalize the strategies, a college should garner support from the highest levels of the organization; ensure that the set of strategies are well-crafted as it becomes an agreement among stakeholders on what defines success in the college and how to achieve it; and provide advance notice to stakeholders should the strategies call for changes to existing strategies and practices.

Related Award Program Criteria

- **Criterion 3.B.1: Action Plan (Mandatory).** The applicant has developed an action plan that provides a coherent presentation of how the applicant will implement its action plan. An

(continued)

action plan should be developed at the college-wide level, but individual sub-units may have their own action plans as well that are aligned with the college-wide action plan. Applicants can submit the college-wide action plan as part of the supplementary materials. Applicants with an action plan for each individual subunit can submit a few of the subunit action plans that are representative of the applicant's college as part of the supplementary materials and certify that all other subunits have action plans that are substantively similar in format.

- **Criterion 3.B.2: Accepted by Administration.** The action plan is formally adopted or accepted by college administration and/or the governing board, as described in the application.

Introduction

A college should develop and adopt a set of strategies to achieve its goals for student performance. These strategies should be based on a solid grounding of strategies and practices that have been shown to be effective for promoting student achievement in community colleges.

A strategy consists of three essential elements.[1] The first is a diagnosis that explains the nature of the challenge that the college faces in achieving its goals. A diagnosis of the root causes of the gap between the college's goal state and current level of performance (see Best Practice in Community College Budgeting, 2B — Identify the Gaps between the Goals and Current State and Determine the Root Causes of those Gaps) serves to identify critical aspects of the situation. The second is an institutional priority, which is an overall approach for overcoming the problems highlighted by a college's diagnosis of root causes. Third is an action plan to implement the institutional priority. A strategy without the implementation steps is no strategy at all.

This best practice addresses the following:
  I. Developing institutional priorities.
  II. Developing an action plan.
  III. Formally adopting a set of strategies. With the institutional priorities in place and an action plan set, a college will have a set of strategies. The strategies should be formally adopted

I. Developing Institutional Priorities

Background. Based on its research into proven strategies and practices, a college needs to articulate its own institutional priorities that will direct action planning and budget allocations. An institutional priority is an overall approach for overcoming the problems identified by a college's diagnosis of root causes. An institutional priority provides direction without specifying exactly the action steps to be taken. The reader should note that the term institutional priority is used in this document to describe a general concept. There are various specific methods of developing an institutional priority, each of which has its own names for the product produced. A college should use the method and name that suits its circumstances.

Strategic Planning and the Budget

If a college has a strategic planning process, the strategies developed as part of that process should, ideally, drive the budgeting process. In this case, priorities should not have to be redefined as part of the budgeting process.

Recommendation. A college should develop institutional priorities with the following key characteristics — using the format or approach to development that best suites its particular circumstances:

- **Clarity of intent.** Each institutional priority that the college develops should be clear about how it will optimize student achievement. To illustrate, a priority "to support professional development" is too vague to provide meaningful guidance, but a priority "to support professional development for the contextualization of remedial/developmental courses" clearly articulates how professional development is intended to help the college meet student performance goals.

- **Implementation details are not overly specific.** Absent implementation details, decision makers are able to more easily consider the bigger picture about how multiple institutional priorities might fit together or conflict. Further, the process is not likely to become bogged down over minor disagreements about implementation details. Also, maintaining a level of abstraction in the priority invites others to more readily take some piece of ownership in the priority (compared to a priority where all of the details appear to have been decided).

- **Articulates presumed cause-and-effect relationships.** The institutional priority should describe the assumed mechanism by which it will alter the performance of the college. A shared, explicit understanding of the assumed cause-and-effect relationship at work forms a powerful foundation for budgeting because it becomes the basis for deciding which uses of the college's limited funds have the most potential.[2] To illustrate, a college might develop an institutional priority to create a strong first-year experience program for students, under the assumption that the program will lead students to have better relations with faculty, better time management skills, and greater awareness of support resources. All of these effects can be verified and should reasonably lead to better learning and achievement outcomes for the students.

- **Limited in number.** A college needs focus in how it will meet student achievement goals. Too many institutional priorities will dilute the effort.

II. Developing an Action Plan

Background. An action plan describes the actions and resources needed to put the college's institutional priorities into practice. An action plan is essential to the budgeting process because it describes more precisely where resources are needed to successfully implement the college's strategies.

Recommendation. An action plan should contain at least the following elements:

- **Goals for the college as a whole and for its subunits.** The Best Practice in Community College Budgeting, 2A – Develop Goals to Guide the Budgeting and Planning Process describes the goal setting process. The goals should be documented in the action plan.

- **Sources of evidence that will be used to determine if the goals are being achieved.** A college should be able to articulate the performance implications of the action plan, such as student outcome goals and other measures and indicators of success (e.g., student retention, student achievement of interim milestones, etc.).

- **Actions that are intended to achieve the goals.** The action plan describes the specific actions the college will take to implement the institutional priorities. The actions should form a coherent, coordinated approach to implementing the action plan.

- **Guidance on personnel counts and other critical resourcing assumptions.** The action plan should describe resourcing assumptions that are thought be to be critical to the college's strategies because these assumptions will have an important impact on the budgeting process. Examples of such assumptions that should be described in the action plan include:
  - Number of staff, including full-time and part-time. There are different budgetary cost implications for full-time staff and part-time staff, especially at the faculty level. In addition, management implications (such as capacity for workload) will vary.
  - Availability of advisors. Will students be advised by dedicated advisors? Or will faculty be expected to include advising in their duties?
  - Workload expectations. To what extent are faculty expected to assume non-teaching duties, such as administration?

- ○ **Facility capacity.** Does the college have the physical infrastructure for its offerings to meet student demand?

- **Analysis of financial sustainability.** The action plan should present an analysis of its financial sustainability beyond a single year. For example, it might present three-year cost estimates as well as the revenues that are intended to fund the action plan.

An action plan should include all of the college's available resources. For example, the action plan should cover the role of each college subunit in carrying out the institutional priorities. The action plan should also include 100 percent of the college's financial resources (e.g., general, discretionary funds as well as special funds).

III. Formally Adopting a Set of Strategies

Background. With the institutional priorities and action plan in place, a college has defined a set of strategies. These strategies should be formally adopted. A college can use any number of formats to articulate its strategies, including adopting them as a formal "strategic plan."

Recommendation. The formalization of the strategies should observe the following guidelines:

- **Garner formal support from highest authorities at the college.** The strategies should be formally approved by the highest levels of the organization, including the college's governing board and president.

- **Provide value as a communication device.** A well-crafted set of strategies becomes an agreement among stakeholders about what defines success in the college and what it takes to be successful. The formal documentation of the strategies should therefore be concise and understandable.

- **Give sufficient advance notice of relevant changes.** The strategies might call for changes to existing strategies and practices that would have an important impact on stakeholders. For example, a change on differential tuition would need to be finalized in time to be communicated to students, prior to registration.

Endnotes

[1] The definition of a strategy is taken from Richard P. Rumelt, *Good Strategy, Bad Strategy: The Difference and Why It Matters* (New York: Crown Business, 2011).

[2] This idea is a more recent entry into public-sector budgeting, but has been supported by the success of budgeting methods such as "budgeting for outcomes."

4A Prioritize Spending to Enact Strategies

SUMMARY

Prerequisites

- Best Practice in Community College Budgeting, 3A — Research Proven Strategies and Practices

- Best Practice in Community College Budgeting, 3B — Develop Strategies

Key Points

- Before a college prioritizes its spending, it should identify its current expenditures and any potential new expenditures. The expenditures should, at a minimum, be expressed as budgetary units that place inputs (e.g., personnel, dollars) into categories that can be clearly associated with a service provided by the college.

- When prioritizing its spending, a college should first define the evaluation criteria it will use to prioritize programs. Key evaluation criteria should include alignment of a program with the college's strategies and goals and cost effectiveness of the program. Common methods to evaluate the cost effectiveness include cost-effectiveness measures, per unit cost, and performance measures.

- To successfully prioritize spending, a college should build support with stakeholders, evaluate the relative priority of new programs, and review existing programs with the objective to improve the performance or to discontinue the program in favor of other uses of the resources.

Related Award Program Criteria

- **Criterion 4.A.1: Sunset Programs (Mandatory).** The applicant has submitted documentation with its supplementary materials that shows the results of its evaluation of its services to determine if any of them might be sunset in order to free resources for its institutional priorities. The applicant can explain its approach to evaluating the potential for sunsetting a service and any important conclusions reached in the award application.

- **Criterion 4.A.2: Finding Efficiencies. (Mandatory).** The applicant has submitted documentation with its supplementary materials that shows the results of its efforts to find efficiencies in its existing services. The applicant can describe the efficiencies found in the award application.

Introduction

An essential feature of a budget that optimizes resource use for maximizing student achievement is that all activities/services are evaluated for:

• Alignment with the college's strategies and goals.
• Their effectiveness and cost-effectiveness relative to achieving the college's goals.

This best practice document describes:

I.   Prioritizing expenditures, including developing an inventory of the college's current and proposed programs and identifying the key criteria for prioritization.

II. Additional special issues that colleges should address in the design of their prioritization process.

I.   Prioritizing Expenditures

Background. As a prerequisite to prioritization, a college should conduct an inventory of its current expenditures and also make sure it is fully aware of potential new expenditures that stakeholders may wish to propose. Ideally, these expenditures will be articulated as a unit for decision making that brings together a set of related activities intended to produce a desired outcome for a defined student group or other clientele. This type of decision-making unit is often called a "program" in public budgeting.

However, in some cases, it may not be practical for a college to articulate its expenditures only in this way, primarily due to state-mandated chart of account structures. Even in this case, a college should go beyond conventional object of expenditures (e.g., salaries, benefits, contractual services, etc.) for defining its outlays. At a minimum, a college should develop budgetary units that place inputs (e.g., personnel, dollars) into categories that can be clearly associated with some service provided by the college (referred to as a "programmatic element" in the Best Practices in Community College Budgeting). Examples of programmatic elements might be "assistance for remedial math students" or "advising students on college pathways."

The particular design of a prioritization process should be customized to the college, but any prioritization process should begin with a clear definition of the evaluation criteria that will be used to prioritize programs. This allows all stakeholders to understand how programs will be prioritized.

Recommendation. Colleges should make the following two evaluation criteria the lynchpins of the prioritization process:

• **Alignment of the program with the college's strategies and goals.** One of the two most important criteria is the potential for a program to help the college carry out its strategies and achieve its goals. The college should first determine which of its goals, if any, are associated with a given program. It should then determine if the given program helps the college make progress toward achieving that goal. Finally, the evaluation should ask if the program fits into a coherent, coordinated approach to best achieve the goal, as has been articulated by the college's strategies. In other words, a given program might help achieve the goal, while at the same time be inconsistent with other strategies the college is pursuing.

• **Cost effectiveness of the program.** The second important evaluation criterion is the cost effectiveness of the program. A college should always seek to obtain the best value for the dollar, especially in an environment of stagnant or declining resources.

II. Special Issues in Prioritizing Programs

Background. In addition to defining clear criteria for prioritizing programs, colleges will need to address other issues in order to successfully prioritize spending. These issues include building support with stakeholders for prioritization, prioritizing new programs versus existing programs, and reviewing existing programs with the objective of discontinuing spending that is not achieving desired results.

Recommendation. Colleges should consider and address the following issues in the design and execution of the prioritization process.

- **Support of stakeholders.** The prioritization process should extend beyond the finance department and engage the major subunits (e.g., divisions/schools/departments) of the college. The subunits should not only have an important role in performing the prioritization, but also their input in developing the process should be sought. Further, the prioritization process should not overemphasize financial metrics at the expense of student outcome metrics. Finally, the methods and results of the prioritization should be made as transparent as possible, including the reasons behind prioritization rankings or scorings. Such an approach not only will result in a more well-rounded perspective on prioritization, but will also facilitate wider acceptance and support of the prioritization process by both business and academic leadership.

- **Evaluate the relative priority of new programs.** While existing services can be prioritized according to their proven cost-effectiveness or performance, new programs, by definition, will not have an established track record. The projected performance of a new program could be considered during prioritization, but performance projections are often overly optimistic.[1] Hence, new programs should also be evaluated on other factors, such as:
  - **Alignment with the college's strategies.** The proposal should show how the new service will advance one or more of the college's strategies. Ideally, the need for a new program would have been documented in a formal planning process that complements the college's strategies.
  - **Support in an outside research base.** The proposed program should be convincingly proven to work in other colleges, or at least in other contexts that are relevant to the college.
  - **An implementation plan.** Programs should have documentation of a solid implementation plan that shows, convincingly, how the new program will realize its promised benefits.
  - **Scalability.** Programs should be able to start small, in a pilot or experimental format, and then be scaled up if the pilot is successful.
  - **Reversibility.** If the new program doesn't work as expected, the college should be able to easily discontinue it with minimal disruption to other operations.

- **Review of underperforming programs.** In order to realize the best value from its available dollars, colleges should identify underperforming programs and either improve the performance of those programs or discontinue the programs in favor of other uses of the resources. A college's existing program review process could be used to identify low priority and underperforming programs, assuming that the review process is sufficiently rigorous to provide information for budgetary decision making.

Even in the absence of a sufficient institutional program review process, the budget prioritization process should be able to identify programs that are of lower priority (either existing or proposed programs). Low-priority programs should be examined carefully to determine whether changes are possible that might move a program up the priority list, and how such an investment might rate against other possible uses of the funding. As important, however, is the possibility of discontinuing programs in order to free up resources for other purposes. Discontinuing programs will always be a challenge, especially in cases that affect full-time employees. A budgeting process that strives to create a culture in which finite resources are allocated in a manner that maximizes student achievement can help make a difficult decision somewhat easier. Also, including underperforming programs in the prioritization process will make the tradeoffs explicit — decision makers may find it more palatable to discontinue a program if the consequence is to free up resources to support a program that holds the promise of having a greater impact on student achievement.

Performance measures. A performance measure provides information or data to help understand or make decisions on a particular topic or issue. Performance measures can be used to track how much of a service was "produced" (e.g., number of students served), assess the efficiency of how well a service was executed (students served per $), and evaluate to the extent that anyone is better off (learning gain). Measures can also be used to track environmental conditions that help colleges understand overall challenges or opportunities. It is rare that a single measure will provide sufficient information to base a decision on. Colleges are encouraged to track data on a variety of factors or conditions related to a specific program or programmatic element to best understand the

situation, obtain necessary feedback, and ultimately inform decision making. Most colleges already track performance data as a component of good management. However, from GFOA's experiences, a more limited number have organized efforts to track, share, and use performance measures in a way that provides sustained benefits. Colleges that have been successful with performance measures have approached the topic in a variety of ways. However, most include common themes or principles such as 1) having the support of top executives, 2) developing a culture that asks tough questions and relies on data to back up claims and 3) develops a common-sense approach to measurement that balances both the added value of having performance data with the costs of collecting and storing the data. The use of technology, however, can assist in reducing the administrative burden. Performance management systems or dashboards can be valuable tools used throughout the organization to help track, store, analyze, and display information to relevant audiences.

Endnotes

[1] See for example Tali Sharot, *The Optimism Bias* (New York: Vintage Books, 2012).

4B | Allocate Funds Based on the Results of the Prioritization Process

SUMMARY

Prerequisites

- Best Practice in Community College Budgeting, 4A — Prioritize Spending to Enact Strategies

Key Points

- A college's allocation of funds reflects its college-wide strategies to optimize institutional effectiveness and student learning. The allocations of funds to subunits make clear which division or department is responsible for implementation of each element of the strategy and what resources are available to them.

- When identifying its subunits/cost centers, a college should use a level (departmental, divisional, etc.) of depth in the budgeting process that is comparable to the level of depth the college uses to conduct program reviews.

- In allocating funds to its subunits, a college is defining the responsibility and available resources for each subunit to implement the college's strategies. Thus, it is important to account for all resources, including full- and part-time personnel, and all funds to the extent possible, including those outside of the general fund. At a minimum, the allocation should include those resources over which the subunit has decision-making authority or control.

Related Award Program Criteria

- **Criterion 4.B.1: Budget to Programs.** The applicant allocates monies to programmatic elements or other units of budgetary analysis that make it clear what service the monies are being used to provide, as is evidenced in the budget document.

- **Criterion 4.B.2: Alignment of Funding with Strategy (Mandatory).** The budget document should show how resources have been allocated to achieve the goals at a college-wide level as well as how resources have been allocated to subunits in order to achieve the strategies in a manner consistent with the applicant's spending priorities.

Introduction

The college-wide strategies to optimize institutional effectiveness and student learning should be reflected in the budgets for individual subunits of the community college (the "college"). The allocations of funds to subunits make clear which division or department is responsible for implementing each element of the strategy and what resources are available to them. The budget should be presented so that the resources provided to/ for various elements of the action plan are clear, showing how money will be spent to achieve the college's goals, which subunits contribute to working toward those goals, and how resources are allocated accordingly.

This best practice addresses the following topics:

    I. Defining the subunits to which funds will be allocated.

    II. Allocating resources to the subunits.

I. Defining Subunits/Cost Centers

Background. The definition of a college's hierarchy of subunits will vary depending upon how the college is structured. For example, multi-campus college districts will identify the district office and individual campuses as the first level of subunits. On each campus or college, subunits may include academic divisions or schools (such as tech, arts and sciences, etc.), as well as non-academic divisions or departments (such as advising, registration, bursar, etc.). Beyond the division level, colleges may budget by individual departments.

Recommendation. The depth of subunit levels a college uses for budgeting purposes should be, at a minimum, as detailed as is comparable to the level at which the college conducts program reviews.[1] For example, if the college completes program reviews of the counseling center, the math department, and the English department, the level of detail should be to the department level. On the other hand, if program reviews are performed at the level of the "Division of Health Professions" and "Student Affairs," then the subunits would be at the division, not the department level. In this way, the community college's analysis of program effectiveness (i.e., program reviews) can begin to converge with its costing information in order to ultimately produce cost-effectiveness data.

II. Allocating Resources

Background. A college will need to allocate resources to subunits in order to carry out its strategies. For each subunit, the budget should identify the resources associated with carrying out the college's strategies.

Recommendation. While a college should develop an allocation system that fits its particular needs and that is compliant with its legal environment, the allocation should also account for all resources associated with that subunit to the extent possible. Particularly, resources for all full- and part-time personnel should be allocated at the subunit level. For example, the use of adjunct instructors should be clearly defined in the budget. However, requirements of a state-mandated chart of accounts at some colleges may make it difficult to break out all resources by subunit. For instance, some colleges may be able to account for salaries by subunit, but be required to budget centrally for pensions or workers compensation insurance costs.

At a minimum, the allocation to the subunit level should include those resources over which the subunit has decision-making authority or control. For example, a department can have some discretion over the amount of copying or mail that it uses. Resources for those types of activities should be shown at the subunit level. Also included should be resources for costs that are exclusive or nearly exclusive to a service that the subunit provides. Examples of this might include maintaining a science lab or providing lab assistants for science or nursing departments, or materials associated with vocational training courses. Allocating resources to purchase services from other units of the college (e.g., central services like payroll or information technology) also may be necessary, if the college operates a chargeback system.

The budget should allocate all resources and funds associated with the college's strategies, not just those

resources associated with the general fund, to the extent possible. This will encourage a comprehensive consideration of the implementation of the strategies. For example, if the strategy is to increase the number of faculty lines, the ongoing annual costs of maintaining those positions is a concern, but there may also be capital fund implications if classroom and office space would require expansion to accommodate the increase in personnel.

Endnotes

[1] Program reviews are institutionalized reviews of the effectiveness of a given activity or function in the college. Community colleges often have a specific subunit (e.g., Office of Program Review, etc.) tasked with conducting and coordinating program reviews.

4C Create a Budget Document that Communicates How Resources have been Allocated to Enact Strategies

SUMMARY

Key Points

- Because the budget document is one of the most important policy documents for a college, it needs to consider how the document is organized, what information is included, and how the document is presented.

- Fundamentally, the budget should tell the story of the challenges the college is facing and how those challenges will be addressed through the college's strategies and financial plan. It is recommended that a college organize its budget in five major sections: challenges faced by the college; strategic goals; initiatives being pursued; the financial plan; and risks to long-term financial sustainability.

- A college should also consider other factors to show how its budget aligns student achievement with resource allocation. It should include all funds and resources and develop presentation methods to accurately describe the full cost of services, including the amount of reserves it may have. It should also provide contextual information such as enrollment figures and employee headcounts for budgeted critical strategies.

Related Award Program Criteria

- **Criterion 4.C.1: The Challenges (Mandatory).** The budget document should describe the challenges faced by the applicant - the ones that primarily shaped the budget discussion for that year.

- **Criterion 4.C.2: Goals (Mandatory).** The budget document should present the college-wide goals that guide resource allocation and how the goals are applied to the college's subunits.

- **Criterion 4.C.3: Strategies and Initiatives (Mandatory).** The budget document should describe strategies that the applicant will pursue to achieve its goals. The budget document should highlight the most important initiatives the applicant is undertaking in support of its strategies.

- **Criterion 4.C.4: Financial Plan (Mandatory).** The financial plan section of the budget document should describe the applicant's expected revenues, expenditures, reserves, and debt and capital spending.

- **Criterion 4.C.5: Long-Term Financial Sustainability (Mandatory).** The budget document should describe the long-range sustainability of the applicant's financial trajectory, looking out a minimum of three years beyond the existing year.

- **Criterion 4.C.6: Understandability and Usability (Mandatory).** The budget document is designed so that it can be navigated and understood by the non-expert reader.

Introduction

The budget document is one of the most important policy documents that a community college produces because it describes how the college's resources are being allocated to create the best value for its students and for the community.

This best practice describes:

I. Fundamental organization of the budget document.
II. Special issues and considerations in the budget presentation.

I. Fundamental Organization of the Budget Document

Background. There are two major organizing principles for the presentation of the budget document. First is to tell the story of the budget by describing the challenges that the college faces and how the budget plan will help the college overcome those challenges and optimize results. The second is to focus the presentation on the needs of the primary audience: the college's governing board.

Recommendation. Colleges should develop their budgets in five major sections: challenges faced by the college; strategic goals; initiatives being pursued; the financial plan; and risks to long-term financial sustainability.

The challenges. The "challenges" section of the budget document should set forth a limited number of the most important challenges the college faces. The challenges should be the ones that primarily shape the college's budget discussion for that year and that will capture readers' interest. Each college should analyze its strategic and financial environment as well as priority-setting techniques to determine which challenges are appropriate for inclusion in this section. These challenges should be articulated broadly enough to resonate with a large audience, but also should be precise enough to convey real meaning.

The presentation should use comparative data to put the challenge in context. Two ways to help the audience to better understand the nature and magnitude of the challenge are: 1) a historical trend analysis of the college's own data; and 2) a benchmark analysis against other colleges.

Colleges also should take other steps to help the audience better appreciate the challenges, such as anecdotes that help to personify the challenge and translating data to a personal scale. For instance, a financial challenge might be presented on a cost-per-student basis, rather than as an aggregate number.

Goals. The budget document should present the college-wide goals that guide resource allocation. The college-wide goals should be distributed to the college's subunits and customized to be relevant to the specific challenges faced by each particular subunit.

However, depending on the size and management system of the college, the budget document may or may not include subunit-level goals in the budget document itself. Where subunit goals are not included in the budget document, the document should clearly indicate to readers where they can be located.

The goals presented in the budget should roughly parallel the "SMARTER" goal development framework described in Best Practice in Community College Budgeting 2A — Develop Goals to Guide the Budgeting and Planning Process. While the development of the goals should take account of the entire SMARTER framework, the presentation can focus on just those aspects most important to communicating an understanding of the goals to the audience for the presentation. This should include: precise outcomes (specific); performance measures (measurable); academic focused (relevant); and time period for accomplishment (time-bound).

Strategies and initiatives. The budget document should describe strategies that the college will pursue to achieve its goals. The budget presentation should

then highlight the most important initiatives the college is undertaking in support of its strategies. The description of each initiative should address:

- **What the initiative will accomplish, relative to the college's challenges and goals.** The presentation should make clear why the college is undertaking each particular initiative and what will be different as a result. The presentation should describe the logic behind how the initiative is presumed to have an impact.

- **Cost, where determinable.** To the extent possible, the cost of the initiative should be described. The budget presentation also should be clear if the costs are:
  - All-new spending or a repurposing of existing funds/resources? If existing resources are being repurposed, the budget document also should describe what activities the college is discontinuing to make funding of the new initiative possible.
  - One-time/short-term (such as might be the case with a special project) or ongoing?

In cases where the college's cost accounting methods do not make it practical to determine the precise cost of an initiative, the budget presentation should still address the two bullet points above.

- **Accountabilities and schedule.** The document should describe who is responsible for the success of each initiative and the timeline for its completion or when the initiative is anticipated to make an impact.

Financial plan. The financial plan summarizes how the college is allocating its resources to best meet its challenges and achieve its goals. The financial plan section of the budget document should address the following items: revenues, expenditures, reserves, and debt and capital.

- **Revenues.** The budget document should show the college's expected total revenues for the year. The presentation should show revenues from all funds and sources, and also by the college's most important accounting funds. The presentation should identify the most important specific revenue sources (typically categories such as tuition and fees, state funding, and property taxes) and provide the reader with insight into

major trends, revenue projections, assumptions underlying the revenue forecast, and other points of analysis that are critical to the college's financial capacity.

- **Expenditures.** The budget document should show planned expenditures for the college as a whole and also by individual department or other relevant subunit (e.g., campus, vice president's area, division, etc.). Wherever practical, a college should allocate costs to the subunit that incurs the costs, rather than locating costs in shared, college-wide budgets. The budget also should describe how staff, in particular, is allocated and how that relates to the college's strategy and action plan.

  Objects of expenditure (e.g., personnel, contractual services, commodities, etc.) are traditionally the most common way to classify expenditures within an organizational unit. A college should go further by classifying expenditures by programmatic element, not just objects of expenditure. A programmatic element is a categorization of direct budgetary inputs (e.g., dollars and personnel) that can be clearly associated with some service provided by the college.[1] The expenditures section of the budget document should describe how staff is allocated according to the programmatic elements as well.

  Finally, the budget document should discuss any major trends, assumptions, or other points of interest that are critical to a full understanding of the college's cost structure. Examples include important external influences like inflation, contractual obligations, legislative requirements, or internal policy changes like new programs or discontinued programs.

- **Reserves.** The budget document should describe the college's policy on reserves, including the college's target level of reserves for its major accounting funds. The document should then describe major anticipated changes to the reserve levels.

- **Debt and capital.** The budget document should describe the college's major debt issuances and the purposes of those issuances and how the college's current debt levels relate to relevant debt limits (e.g., as might be established by the college's financial policies).

The budget document should describe the capital projects being undertaken by the college and should provide a reference to the college's long-range capital improvement plan. The budget document should discuss the extent to which the college's asset acquisitions are on budget and on schedule and also should discuss the anticipated impact on the operating budget.

Long-term financial sustainability. The budget document is primarily focused on the upcoming fiscal year, but it also should consider the long-range sustainability of the college's financial trajectory, looking out a minimum of three years beyond the existing year. Specific elements that should be included in the budget document are:

- **Long-range enrollment projections.** Enrollment is a primary determinant of expenditures and, often, revenues.

- **Long-range financial projections.** Revenue and expenditure projections show the college's future financial position and may foreshadow potential budget shortfalls.

- **Risk analysis.** The budget document should highlight the risks to ongoing financial sustainability that are of the greatest local significance. Examples of common risks that colleges might consider include:
  - **College's ability to continue to fund its strategies and initiatives.** Improvements due to new initiatives often take multiple years to fully manifest. Might financial constraints or other forces prevent the college from providing a coherent, consistent approach to its strategies over a multiyear period?
  - **Grant funding.** Does the college's grant policy result in the college taking on grant-funded programs that are later unsustainable (i.e., create ongoing commitments that the college has to fund out of discretionary monies after the grant ends) and/or that distract the college from its strategic goals?
  - **Personnel costs.** Are personnel costs sustainable? This might include the college's ability to afford contractual wage increases and the affordability of post-employment benefits.
  - **Tax base changes.** Are there important vulnerabilities in the college's tax base that could impact the college's revenues?

- **Capital projects.** Can the college afford to build and/or maintain the capital assets it believes are necessary? Does the college's capital asset acquisition plan adequately consider the impact of the acquisitions on the operating budget (e.g., the cost to operate and maintain)?
- **New technologies.** What implications do new technologies have for the college's budget? Can the college afford to acquire and maintain the new technologies? Have staff training needs been addressed so that they can effectively use the new technology?

II. Special Issues and Considerations in the Budgeting Process

Background. In addition to the essentials just described, colleges need to consider other factors to fully realize a budget that best aligns student achievement with resource allocation.

Recommendation. A college should consider the following issues in its budgeting presentation.

- **Include all funds in the budget.** In many colleges, the general operating fund is often considered "the budget," when in fact there are multiple budgets representing the many special funds the college receives (Title IV grants, etc.). This approach fragments resources, making for a less coordinated way of serving students. A college should report all funds in its total budget, showing how all resources are used to improve student achievement. Ideally, this integration is not just a matter of reporting, but reflects integrated operations and planning between these funds as well.

- **Transparency in spending.** Line-item budgets are intended to enhance control over the budgeting process, but fail to do so if the budget does not accurately reflect how a college is spending its money. For example, if the costs of public safety are subsumed in line items for "salaries," "fuel," "equipment," and "contracted services," it would be very difficult to discern the true cost of public safety, much less to manage it effectively. A college should develop presentation methods that more accurately describe the full cost of providing services.

- **Transparency in reserves.** Reserves represent one of a college's hedges against risk and provide

for continuity of service in the face of many types of business interruptions. Hence, it is important that the amount of reserves available to the college be made transparent as part of the budget.

- **Provide context.** It can be difficult for the reader of the budget document to fully understand a college's strategies and budget without context. Therefore, the budget document should include contextual information such as enrollment numbers, employee headcounts, and the personnel time that has been budgeted for critical strategies.

Endnotes

[1] Note that a programmatic element is not intended to capture indirect costs.

5A Monitor and Evaluate Outcomes from Budgeting Decisions

SUMMARY

Key Points

- A college should establish a system to ensure that its strategies and priorities are being implemented. The system should monitor the processes associated with implementation and collect and evaluate interim performance results.

- The monitoring system should identify responsible parties to carry out and oversee the action plan's implementation and to manage specific elements and initiatives within the plan; set milestone dates for necessary steps to be taken; and establish a reporting process so that the college is informed on progress in implementing the strategies.

- Throughout the year the college should evaluate student progress towards academic achievement goals. At a minimum, a college should develop a timeline that outlines project checkpoints and identifies which steps are to be completed by what dates. Important information that a college should consider in its evaluation of student achievement are data related to the goals and financial resources critical to achieving those goals.

Related Award Program Criteria

- **Criterion 5.A.1: Monitoring Implementation.** The applicant can show documented responsible parties, milestones, and a system of reporting for monitoring strategy implementation in its supplementary materials.

- **Criterion 5.A.2: Continuous Improvement.** The applicant can document in its supplementary materials and budget document the difference between planned and actual results (in both financial and student achievement outcomes), the root causes of those differences, and a plan for how the planning, budgeting, and/or implementation process will be adjusted accordingly.

Introduction

To ensure that the strategies and priorities are implemented with fidelity to the budget document, a community college needs to establish a system that:

    I.   Monitors the processes that are associated with implementation.

    II.   Collects and evaluates interim performance results to ascertain whether the strategy is on track to have the intended impact.

    III.   Uses the information from the monitoring process to make needed adjustments and inform future planning and budgeting efforts.

I. Monitoring Strategy Implementation

Background. A well-developed budget outlines a course of action for the upcoming fiscal year. Such a plan needs to be implemented. However, excellent plans are often improperly or incompletely put into practice. Even if a plan is properly executed, there needs to be some method to determine whether or not the plan/budget is having the desired effect.

> ### Strategic Planning and the Budget
> If a college has a strategic planning process, there ideally would be a unified monitoring system for goals, strategies, and budgets.

Recommendation. A college should start by assigning responsibility to a member of the college's staff with sufficient authority for carrying out and overseeing the implementation of the strategies. Next, the steps needed to successfully put the strategies into practice should be identified, including a timeline and a set of milestones. The action plan that is part of the college's strategy development should identify most if not all of the required steps. (See Best Practice in Community College Budgeting, 3B — Develop Strategies.) Finally, a reporting process should be established to track the implementation of the strategy.

II. Evaluating Interim Results Throughout the Year

Background. Most colleges have in place periodic check-ins (quarterly, biennially) for monitoring budget execution where the purpose is to compare actual spending to budgeted amounts. A complimentary system for monitoring the implementation of the strategies should build upon these checks, incorporating the implementation review with the fiscal review.

Recommendation. The implementation monitoring system should first identify the key elements that could serve as indicators of progress. At a minimum, a timeline should outline project checkpoints and identify which steps are to be completed by what dates. In addition to a timeline, a college should begin collecting data that are tied to the college's goals. For example, if the goal is to increase completion, the college could compare the number of degree/certificate completions from the first semester/quarter/trimester relative to those in prior years. While it may take some time for the college's strategies to fully impact these numbers, this step may provide some indication of whether or not progress is being made. These indicators could also serve as an early warning system of unexpected declines in performance.

Where it is not practical to collect data specifically tied to the goals, there may be other forms of evidence showing whether the strategy is being implemented. For example, if the strategy is to develop a cohort model for incoming students, the monitoring system could track how many new students took part in the program, how many times they were contacted, what percentage of the first-term cohort registered for classes in the second term, etc. Although these measures may reflect program outputs, as opposed to outcomes, they will at least provide an earlier indication as to whether the implementation is on track.

Finally, with financial resources critical to achieving the goals, the college should also have processes established to monitor risks to the budget, as often as monthly, and have options to implement changes in the spending plan to preserve the college's financial health, while still doing as much as possible to achieve the college's goals.

III. Adjusting Strategy and Budgeting in Response

Background. A college may find that a strategy is not having the intended impact on its goals. If so, the college needs to examine the reason for this and adjust its approach.

Recommendation. A college should address the following line of questioning in response to strategies that are not having the intended impact:

- Was the action plan implemented correctly? If so…
- Were the actions steps the right ones to take? If so…
- Was the institutional priority the right one for the root cause of the problem? If so…
- Did we have the root cause right?

The answers to these questions will guide the college on where adjustment is needed in its planning and budgeting process.

6A Establish Criteria and Measures for Success of the Budgeting Process

SUMMARY

Key Points

- Because the budgeting process is a strategic activity to align limited resources with student achievement, it must feature a partnership between the finance/budget officer and academic officer. The finance/budget officer coordinates the budgeting process, but the academic officer is the one responsible for ensuring a clear student performance strategy. They will need to work together to translate the strategy into dollars.

- The process also involves other key participants, such as executive leaders from different functions within the college. A college should develop a governance system that brings these participants together so that they will have a greater stake and role in achieving success.

- Together the key participants should establish criteria against which to judge the success of the budgeting process, such as time, cost, and quality. This also helps the governance committee to maintain focus on what is most important in the budgeting process.

Related Award Program Criteria

- **Criterion Enhanced A.1: Finance-Academic Partnership.** The academic officer is a key participant in the budgeting process as evidenced by the academic officer's co-signing of the award application and participation in award interviews.

- **Criterion Enhanced A.2: Criteria for Success of the Budgeting Process.** The applicant has described in its award application the measures it uses to evaluate the timeliness, cost, and quality of the budgeting process.

- **Criterion Enhanced A.3: Budget Post-Mortem.** In the award application, the applicant describes their post-mortem process on the budgeting process and the conclusions reached with regard to lessons learned.

- **Criterion Enhanced A.4: Adjusting the Budgeting Process for Next Year.** In the award application, the applicant describes the plans for what will be done differently next year based on the result of the post-mortem.

Introduction

As part of initiating the budgeting process, a community college should identify criteria to evaluate the success of the budgeting process itself. Are budgeting decisions timely? Is the cost and effort required to go through the budgeting process reasonable? Are goals and associated budgets realistic in light of resource constraints? Are the decisions produced of high quality? And, ultimately, does the budgeting process help optimize student achievement? If these questions cannot be answered in the affirmative as the process proceeds and ultimately concludes, adjustments will clearly be needed for the next year's budgeting process.

This best practice document describes:

I. Establishing governance and ownership over the budgeting process as a prerequisite to establishing criteria for success of the budgeting process.

II. Establishing criteria and measures for success of the budgeting process.

I. Governance and Ownership Over the Budgeting Process

Background. Typically, the finance officer or budget officer is considered the "owner" of the budgeting process. Where the budgeting process was just a financial exercise to allocate dollars to line items, limiting the governance of the budgeting process to this simple arrangement may have proven adequate. However, where the budgeting process is seen as a strategic activity to optimally align scarce resources with student achievement, the governance structure will need to be expanded. Specifically, the budgeting process must become a partnership between the finance/budget officer of the college, the academic officer, and the president or chancellor. The academic officer is responsible for making sure that the student performance improvement strategy is clear and coherent and must work with the finance/budget officer to clearly translate this strategy into dollars. The president or chancellor must also be actively engaged in the budgeting process as it is the mechanism by which his/her strategies and vision will be funded and brought to fruition.

Recommendation. A college can take a variety of approaches to create a close working relationship between the academic and finance/budget officer, but a college should observe the following guidelines.

- **Maintain a single owner of the process.** While the academic officer must be involved closely in the budgeting process, the budgeting process must also produce a budget by the required deadlines. A single process owner helps make sure the process moves forward on schedule.

- **Develop a governance structure to help the process owner.** A governance structure is a system of management processes and structures that help "steer" how the budgeting process operates, by managing the process directly. A governance system helps give key participants (e.g., the academic officer) a greater stake in the success of the budgeting process and a role in achieving that success, without asking participants to micromanage the budgeting process. A committee bringing together executive leaders from different functions within the college is a typical governance structure. Committee members may help the process owner make key design decisions for the budgeting process. For example, how will other stakeholders be involved, what methods will be used to identify the college's student performance goals, how will budget requests be gathered and prioritized? Involving key members of the college's executive team in these design decisions upfront creates a basis of support for the budgeting process when hard resource allocation choices must be made.

- **To the extent possible, use existing committee structures.** Developing a governance structure should not entail the creation of new management committees, if it can be avoided. If existing committees and meetings can be used for budgeting process governance, it will reduce the time and effort required of all participants.

- **Define decision-making rights and responsibilities.** The participants in the governance structure should have a clear understanding of their roles,

what they have decision-making authority on, and what they are expected to accomplish. For example, academic leaders may be responsible for making sure deans or unit heads understand the college-wide strategy for optimizing student achievement and how they are expected to report performance, while it is the responsibility of the budget/finance officer to make the allocation formulas and methods that allocate resources to support those strategies fair and transparent.

- **Show how the budgeting process will make the organization more effective.** If the participants in the governance structure understand how the budgeting process is intended to help them get better results, they likely will be more enthusiastic participants. The finance/budget officer should also find sources of dissatisfaction with the old budgeting process and show how those problems can be solved using a new budgeting process.

II. Establish Criteria and Measures for Success of the Budgeting Process

Background. The governance committee should jointly identify a limited number of criteria against which to judge the success of the budgeting process, including measures to determine if the criteria are being met. Establishing criteria for success helps the governance committee maintain focus on that which is most important in the budgeting process.

Recommendation. A college should define a limited set of measures within the three broad categories below.

- **Time.** "Time" relates to the timeliness of the budgeting process and budgeting decisions. Did the budgeting process start and end on time? Was the budget adopted on time?

- **Cost.** "Cost" addresses the time and effort spent on the budgeting process. Do the participants in the process perceive that the time and energy spent in the budgeting process was worthwhile? Was the total time and effort spent on the budgeting process acceptable, or was it seen as excessive?

- **Quality.** "Quality" addresses the extent to which the budgeting process fulfilled its intended purpose. There are multiple dimensions to quality that a college might consider:

- **Financial.** Did the budget produce financially sustainable decisions? For example, was the budget balanced without using reserves or one-time revenues for ongoing expenditures? Is the college trending in the right direction on measures of financial health such as level of reserves, budgetary balance (revenues vs. expenditures), and bond ratings? If trends are negative, has the budgeting process resulted in a plan to restore fiscal health?

- **Engagement.** Did the process substantively engage a wide variety of stakeholders? For example, was there a wide breadth of participation in the budgeting process? Do participants understand how and why decisions were made? Do they feel budget decisions were made with adequate input and deliberation? Can the directors of the college's subunits explain their budget allocations and how they were determined? Do they feel the process was fair, even if they don't like some of the final allocation decisions?

- **Decisions.** Perhaps most importantly, were good decisions made? Measures of student performance and achievement provide a "bottom line" measure on the quality of decisions, but colleges could also ask questions like do all of the college's subunits have a clear set of goals and action plans? Are budget discussions characterized by a high-percentage content of strategic issues, rather than minutia? Is the budgeting process characterized by heavy use of performance and cost-effectiveness data to make decisions, rather than just cost data? Does the college understand the root causes of problems that are preventing it from reaching its goals and are those root causes used as the basis for action? Is there evidence of resources being allocated or reallocated to more closely align with desired student outcomes?

6B

Allocate Costs of Shared Support Services to Subunits to Better Understand the True Cost of Offering Services

SUMMARY

Key Points

- Support services and facilities play an integral role in achieving a college's goals. Therefore, it is important to develop an allocation model to fairly and transparently distribute the costs of support services to the college's subunits.

- To determine which costs to allocate and by what basis to allocate, a college should develop an allocation model that takes into account the goals behind developing an allocation model and the cost and benefits of administering the allocation system.

- A college could develop a pricing system for internal services as part of its allocation model. This document references the general GFOA best practice on pricing internal services, which provides much greater detail on developing an internal pricing system.

Related Award Program Criteria

- **Criterion Enhanced B.1: Allocation Transparency.** The applicant can provide an internal document, as supplementary material, that is available to stakeholders and which describe the allocation formulas in a way that is also understandable to the judges.

- **Criterion Enhanced B.2: Allocation Rationale.** In the award application, the applicant can offer a compelling description of how its allocation strategy supports a strategic approach to budgeting.

- **Criterion Enhanced B.3: Understandability to Non-Finance Stakeholders.** The academic officer can describe the allocation methods to the judges in the award interview.

Introduction

Support services and facilities are an integral part of achieving a community college's goals. Therefore, it is important that an allocation model is developed that is fair, understandable, accepted, and that does not incentivize counterproductive behavior.

Allocating fixed, support, and administrative costs (collectively referred to here as "shared services") has three basic functions in the college budgeting process: 1) to reveal the true cost of offering programs and services to clientele by accounting for the costs of the shared services those programs consume; 2) to govern demand for shared services and, hence, manage the cost of those services; and 3) to help ensure that the cost of shared services remains reasonable by making the cost to the organization more evident. The first function is the most important for optimally aligning resources with student achievement goals because it enables a college to evaluate the cost-effectiveness of its programs.

This best practice document addresses:
  I. Developing an allocation model.
  II. Other resources to support developing an allocation model.

I. Developing an Allocation Model

A college should develop an allocation model that fits the organization (e.g., a model might differ based on the number of campuses a college has), ties to the hierarchy of the college's programs and activities, and is pragmatic in which costs are allocated.

In determining which costs to allocate and by what basis to allocate, a college should consider the goals behind allocation and the management value that the allocation system will provide. Both the materiality of the cost and recipients' degree of control over the expenses should be considered. The following table elaborates on this concept:

		Financial Materiality	
		Low	**High**
Control	**Low**	**Accounting Services** These costs are least relevant for allocation. Decisions to not allocate, or to allocate based on a very rudimentary and uniform basis, may be most appropriate.	**Maintenance Cost** allocation should be done, but with awareness that direct control is limited. Less specific usage measures will be possible; charges based on percent total of full-time equivalent (FTE) salaries or based on enrollment might be most practical.
	High	**Office Supplies** These costs are important to allocate, but overly precise usage measures will be difficult to manage with little incremental value. Internal pricing should be developed that is not overly granular, but adequately serves as a proxy for usage.	**Laboratory Utilization** Cost allocation should be done based on usage metrics designed specifically for the cost element and charged most precisely of all allocated costs to the subunits.

Costs should be allocated to the same organizational level for which budgeting and strategic planning is done. For example, if a college budgets at the department level, then cost allocation should be structured to the department level, as well. If programs are used as the basis for budgeting, then programs should be used for cost allocation. This will vary by college, but consistency is important.

II. Other Resources to Support Development of an Allocation Model

For additional support in developing allocation models, colleges can reference the GFOA best practice on pricing internal services (which was not written specifically for community colleges).[1] This provides additional guidance on how to develop a pricing system for internal services.

A college should follow these steps when considering an internal-service pricing system:

Identify goals of internal service pricing. As an initial step, colleges should identify the goals they hope to achieve through a pricing system for internal services. The goals will guide the design of the system. For example, if a college does not charge for a particular service based on customers' usage, then there may be an incentive to overuse the service. In this case, an internal service pricing goal may be to govern demand for a service.

Develop allocation strategy. After identifying the goals, the next step is to decide which internal services will be priced and allocated to user departments. A college should differentiate between "market" services such as IT services (where the user departments are consumers) and those services that have more of a policy or regulatory character (such as budgeting and auditing).

Define level of costing detail. A college needs to determine the level of detail associated with costing services. This decision can be guided by an organization's willingness to develop a more complex internal services pricing system for a more accurate costing system. For example, a low level of detail may be sufficient for a costing system with limited goals, while a high level of detail might be needed for goals governing the demand for service.

Determine cost of service. After identifying internal services as having either a high or low level of detail, the organization will then determine the cost of the service. Common variables to consider include direct costs, interest costs from internal loans, and services used from other support services. Direct costs include personnel, materials, and supplies related to the service. Interest costs from internal loans apply if the internal service takes loans from other parts of the organization. Lastly, if the service requires other support services, then indirect costs may apply. An IT service that uses payroll is one such example.

Decide basis of allocation. With the cost of the service decided, the organization will decide the basis for allocating costs from internal services to customers. In determining the basis, general principles should be observed. The first principle is the cause-and-effect relationship, so that cost should be allocated based on usage or causal factors related to costs incurred by the service provider. The basis for allocation should also bear a relationship to the benefit the customer receives from the services. For example, "miles driven" might be a good measure of the benefit that security receives from its vehicles, whereas "hours used" might be better for facilities management. The third principle requires that users of the costing system perceive the method of cost allocation as fair and legitimate. Lastly, legal constraints need to be recognized when developing the basis for allocation.

Consider potential drawbacks. A college should recognize potential drawbacks of internal costing systems and should consider mitigating strategies. Common potential drawbacks include a diminished trust between providers and customers, subverting processes or not using shared services, acrimony and debate over the charge system, and costs exceeding the benefits of the system.

Program costing strategy. This document provides a guide to developing a full-costing system for programs. The method described could also be applied to departments.

Endnotes

[1] Government Finance Officers Association, Best Practice, Pricing Internal Services (2013) available at http://www.gfoa.org

About GFOA

Government Finance Officers Association (GFOA), founded in 1906, represents more than 19,100 public finance officials throughout the United States and Canada. GFOA's mission is to promote excellence in state and local government financial management. GFOA views itself as a resource, educator, facilitator, and advocate for both its members and areas that affect state and local government finance. To meet the many needs of its members, the organization provides best practice guidance, leadership, professional development, resources and tools, networking opportunities, award programs and advisory services, concentrated in the following areas:

- accounting, auditing, and financial reporting
- budgeting
- capital planning
- debt management
- financial management
- pension and benefit administration
- treasury and investment management

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