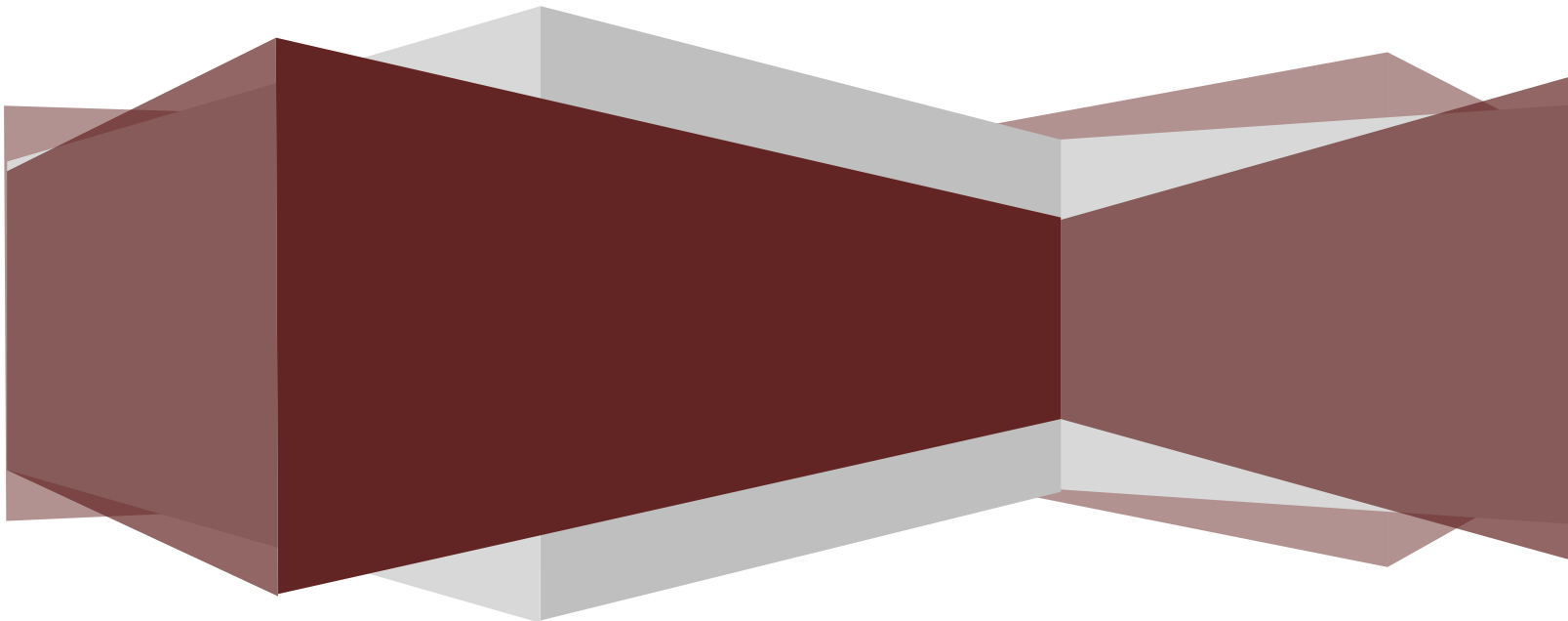


# GFOA AWARD FOR BEST PRACTICES IN COMMUNITY COLLEGE BUDGETING

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*Applicant and Judges' Guide*



GFOA Award for Best Practices in Community College

Applicant and Judges' Guide

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# Introduction

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This document provides an overview of the GFOA Award for Best Practices in Community College Budgeting. Readers are encouraged to first consult the “Definitions” section of this document as a number of terms have been given precise definitions in order to make this document and its instructions as clear and consistent as possible. Terms that have precise definitions have been capitalized. This document explains all aspects of the GFOA Award for Best Practices in Community College Budgeting including eligibility, the process for applying and judging the awards, and the criteria that will be used to assess whether an applicant has won the award.

## Definitions

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**Academic Officer.** An employee of the Applicant who is in an executive position with substantive responsibility over academics. The Academic Officer must be a co-sponsor of the Applicant’s Submittal. Positions that could fill the role of Academic Officer include academic vice president, vice chancellor for academic affairs, provost, etc.

**Action Plan.** A plan that describes the steps the Applicant will take to put its Institutional Priorities into place. A Plan of Action is described in much greater detail in the Best Practices.

**Applicant.** The organization that is applying for the Award, this is most commonly a Community College or Community College District. See the “Eligibility” section of his document for more information on eligible organizations.

**Application.** See Award Application.

**Award Application.** The application for the Award for Best Practices in Community College Budgeting. In the Application the Applicant must submit essay style responses to describe how the Applicant has met the Award Criteria. The Award Application along with other components of the Submittal comprise the Applicant’s complete entry into the GFOA Award for Best Practices in Community College Budgeting program.

**Award Criteria.** The criteria the Applicant must meet, in order to receive the GFOA Award for Best Practices in Community College Budgeting. The Award Criteria are derived from the Best Practices.

**Award Interview.** A phone interview during which the Judge(s) will have the opportunity to ask the Finance Officer and Academic Officer questions about the Applicant’s Submittal.

**Award Program.** The program administered by the GFOA which receives Submittals, assesses Submittals, and bestows the GFOA Award for Best Practices in Community College Budgeting.

**Best Practices.** A set of recommended budgeting practices for community colleges that have been researched and officially adopted by the GFOA. The Best Practices in Community College Budgeting are available at the GFOA’s website and are referenced in the section of this document that describes the Award Criteria. Note that the Best Practices are also referred to as the “Best Practices for Budgeting in

Community Colleges Budgeting” in order to differentiate them from GFOA’s general best practices, which are intended for governments generally and not community colleges in particular. For purposes of this document, the term “Best Practices” is used to refer only to the Best Practices in Community College Budgeting.

**GFOA Award for Best Practices in Community College Budgeting.** The award given to Applicants who meet the Award Criteria. In addition to the base GFOA Award for Best Practices in Community College Budgeting, applicants may receive Special Recognition for exceptional performance in certain areas.

**Budget Document.** The Applicant's budget document, which has been officially adopted by the Applicant’s governing board.

**Finance Officer.** An employee of the Applicant that is in an executive position with substantive responsibility over the budget, and who is a co-sponsor of the Applicant’s Submittal to win the GFOA Budget Award. Positions that could fill the role of Finance Officer include a finance director, budget director, chief financial officer, etc.

**Category.** A grouping of Award Criteria. There are a total of six Categories of Award Criteria.

**Criteria.** See Award Criteria.

**Institutional Priority.** An Institutional Priority is the overall approach for overcoming the problems highlighted by the Applicant’s diagnosis of the issues that it faces. An Institutional Priority is adopted as part of the budget process in order to provide general direction for decision making. It does not have to specifically identify the action steps that need to be taken. Institutional Priorities are described in much greater detail in the Best Practices.

**Judge.** An individual who assesses whether or not the Applicant has met the Award Criteria. The Applicant’s submittal will be assessed by multiple judges, at least one of whom will be a GFOA staff member and at least one of whom will be an individual outside of GFOA.

**Mandatory Criteria.** Award Criteria which the Applicant must meet in order to win the Award for Best Practices in Community College Budgeting.

**Programmatic Element.** A Programmatic Element is a categorization of direct budgetary inputs (e.g., personnel, dollars) that can be clearly associated with some service provided by the college.

**Special Recognition.** Applicants who demonstrate exceptional performance in certain areas will be given additional recognition above and beyond the standard GFOA Budget Award. See the “About the Award” section of this document for more details.

**Submittal.** The totality of the information the Applicant submits to the Award Program. The Submittal includes the Award Application, Supplementary Materials, the Budget Document, and the Award Interview.

**Supplementary Materials.** The working documents that are a product of the Applicant’s budget process, which are provided to the Award Program by the Applicant in order to better illustrate how the

Applicant has complied with the Award Criteria. Note that it is not GFOA's intent that the Supplementary Materials be appended to the Applicant's Budget Document. The GFOA only requires that the Supplementary Materials be submitted to the Award Program – the Applicant can decide whether or not to make any of the Supplementary Materials available to the general public.

## About the Award

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The Award Program is designed to assess whether the Applicant's budget process adheres to the Best Practices for Community College Budgeting that have been developed by GFOA. The Award Criteria and recognition for achieving the Award will emphasize alignment of the resource allocation process and improvement of student outcomes. It is GFOA's hope that participation in the Award Program will encourage Applicants to integrate the Best Practices into their budget processes.

### *Special Recognitions*

In addition to the primary award, Applicants may receive various Special Recognitions for outstanding work in particular areas. These are described below. Note that these Special Recognitions correspond exactly to the nine Categories of Award Criteria. The requirements for achieving exemplary status are described in more detail under each Award Criterion in the appropriate Category

- **Prepare & Develop Inputs to the Budget Process.** The Applicant has done a particularly laudable job of developing a comprehensive set of financial policies that the governing board has committed to and has established a strong partnership between the finance and academic officer to guide the financial planning and budgeting process. The Applicant has also done a particularly commendable job of conducting detailed cost analysis of its environment.
- **Define Goals & Identify Gaps.** The Applicant has done exceptional work in designing goals that are specific, measurable, achievable, relevant to the applicant's needs, governed by timelines for achievement, and that aim for significant improvement.
- **Develop Strategies to Close the Gaps.** The Applicant's strategies are exemplary in their use of diagnostics to uncover the root problem the Applicant faces, development of Institutional Priorities to describe the overarching approach for dealing with the problem, and specific action steps to implement the Institutional Priorities.
- **Prioritize Spending to Enact the Strategies & Allocate Resources.** The Applicant's priorities for spending and linkage between resource allocation and strategies are exceptionally clear.
- **Check Performance.** The Applicant can demonstrate it has undertaken an exceptionally thorough process of evaluating what worked and what did not from its budget process and its efforts to improve student achievement and has adjusted its approach accordingly.
- **Enhanced Budgeting Practices.** The Applicant has complied with the Criteria for Step 6. "Enhanced Budget Practices" Category.

## Eligibility for the Award Program

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Community colleges are the primary audience for the award, so any community college is eligible to participate in the Award Program. A community college is broadly defined as a public institution of higher learning that is primarily intended to serve the local region around its physical location and where

the primary focus is on degrees or educational attainment other than a four year bachelor's degree (though bachelor's degrees could be offered). Ineligible parties include sub-units of a community college (e.g., individual campuses within a community college organization), individual employees in a community college, private colleges, research universities, and traditional four-year universities, and organizations that provide services to community colleges, but do not teach students.

## Sources of Evidence that Applicants Submit

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The Award Program asks applicants to provide evidence that their budget process complies with the Award Criteria. Applicants will be judged using four primary sources of evidence:

**Budget Document:** The Applicant's official Budget Document that was formally adopted by the Applicant's governing board will be used to demonstrate the board's formal commitment to plans, strategies, and resource allocations that align the Applicant's finances with student achievement.

**Award Application:** The Award Application will be used by the Applicant to give short essay explanations of how they are complying with the Best Practices.

**Supplementary Materials:** The Supplementary Materials submitted by the Applicant are comprised of documents that wouldn't necessarily go into the Budget Document, but are important to illustrating the Applicant's budget process and adherence to the Best Practices. The Supplementary Materials also should include working papers that are produced by the Applicant as a natural part of that process, and not produced specifically for the purposes of the Award Program. Note that GFOA does not require the Applicant to append to supplementary materials to the budget document or otherwise publish them for public consumption. Of course, the applicant may choose to publish any of the supplementary materials it wishes, but this will not affect the Applicant's chances of winning the Award.

**Applicant Interview.** The Judge(s) will schedule a time with the Applicant to review any questions the Judges may have about the Applicant's Award Application. The Applicant Interview will take place over the phone and will typically last about an hour. The Judges will provide the Applicant with a list of general questions they plan to ask ahead of the call, although the Judges also may ask other questions as well. The list of standard interview questions that Judges will start from is listed in Appendix 1.

## Timing of Submissions

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Applicants should provide their Submittal to GFOA within no later than 120 days of the date when the budget was proposed/adopted.

# How the Applications will be Judged

Applications will be reviewed by a GFOA staff member as well as a panel of volunteers (the “Judges”). Volunteer Judges will be drawn from one of the following four categories:

- Employees of a community college that have background and responsibilities relevant to budgeting and/or management of academics.
- Private consultants who work with community colleges on matters relevant to budgeting.
- Academics who study community college budgeting and finance.
- Retirees from one of the preceding categories.

The judges will use a 3-point scale to rate each criteria. The 3-point scale is as follows:

- 3 – Exceptional. Is worthy of being an example to other colleges.
- 2 – Good. Meets the criteria.
- 1 – Does not meet criteria

Receiving "3" for a given Award Criteria is the basis for receiving Special Recognition for Award Criteria where Special Recognition is available. Judges may adjust their scores based on clarifications received during the Applicant Interview.

Scores are totaled by Category of Award Criteria. See the table on the next page for a summary of the Categories – the organizing hierarchy for the Award Criteria is explained in more detail later in this document.

For each Category there are two critical calculations to determine if an Applicant has met the standards for the GFOA Award for Best Practices in School Budgeting.

1. The Applicant has scored “2” or better for all the Mandatory Criteria in the Category.
2. The Applicant has averaged a “2” or better for all the Award Criteria in the Category.

<b>Categories of Award Criteria</b>
<b>Step 1. Prepare &amp; Develop Inputs to the Budget Process</b>
<b>Step 2. Define Goals &amp; Identify Gaps</b>
<b>Step 3. Develop Strategies to Close the Gaps</b>
<b>Step 4. Prioritize Spending to Enact the Strategies &amp; Allocate Resources</b>
<b>Step 5. Check Performance</b>
<b>Step 6: Enhanced Budgeting Practices</b> (not as essential as the five steps above)

The implication is that the applicant could fail to meet some non-Mandatory Criteria and still meet the standards for the Award if the Applicant can demonstrate off-setting strengths in other Criteria.

The purpose of this program is to help applicants improve the quality of their budgeting. Consistent with that goal, more experienced applicants can expect to be judged more strictly than newer applicants. That is, experienced applicants will be required to demonstrate that they have made improvements in those specific areas where judges have indicated that improvement is needed in order to continue to receive the award. This process is designed to produce a solid baseline of quality budgeting. Once such a baseline has been established, participants should be in an excellent position to refocus their efforts toward obtaining Special Recognition for achievements beyond this baseline.

## Key Issues in Budgeting & Their Relation to the Award Criteria

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This section provides clarification on some of the most fundamental aspects of budgeting systems and how they relate to the Award Criteria. This includes:

- Incremental budgeting methods versus non-incremental budgeting methods, such as zero-base budgeting.
- The scope of the annual “budget” process with respect to planning to improve student performance.

### *Incremental Budgeting versus Non-incremental Budgeting Methods*

While the GFOA does encourage Applicants to move away from incremental budgeting methods and take a more comprehensive look at its spending, the Award Criteria and Judges are not predisposed towards (or against) zero-based budgeting and/or any other specific form of budgeting. Applicants are encouraged to use whatever budgeting method best suits their circumstances and that complies with the Award Criteria.

### *Scope of the Budget Process with Respect to Planning for Student Performance*

The Award Criteria are comprehensive of the process steps required to analyze the current financial condition and academic performance of the Applicant, set performance goals, diagnose the reasons for the gaps between the Applicant’s current state and the Applicant’s desired goal state, develop strategies and action plans to achieve the goals, and allocate resources to achieve the strategies. However, GFOA does not necessarily expect that the Applicant will perform all of these activities every year as part of the “budget” process. For example, the Applicant may have a separate strategic planning process that allows the Applicant to meet many of the Award Criteria. The Applicant may also not need to perform activities to fulfill all Criteria every year. For example, if the Applicant has developed a long-range strategy to improve student achievement, the strategy is unlikely to change radically from one year to the next (assuming it is getting the desired results). In this case, the Applicant would just need to demonstrate how the existing strategy conforms to the Award Criteria, rather than re-doing the entire strategy development process each year. For Applicants who are relying on an existing strategy, the Judges will look for evidence in the Submittal that the Applicant is monitoring the effectiveness of its strategies and adjusting them as may be necessary.



# The Award Criteria

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This section presents the Award Criteria that are the basis for judging the Applicant's Submittal. The Award Criteria are organized along six major Categories that represent the essentials of the planning and budgeting process:

- **Step 1. Prepare & Develop Inputs to the Budget Process**
- **Step 2. Define Goals & Identify Gaps**
- **Step 3. Develop Strategies to Close the Gaps**
- **Step 4. Prioritize Spending to Enact the Strategies & Allocate Resources**
- **Step 5. Check Performance**
- **Step 6. Enhanced Budgeting Practices** (not as essential as the five steps above, but can be of benefit to colleges)

Within these categories, sub-categories are sometimes defined for additional organization of the Criteria.

This document presents the following information for each of these six categories:

- **Award criteria:** Short statements of the Award Criteria contained in that category or of its sub-categories.
- **Reference Best Practice.** A link to the Best Practice(s) from which Award Criteria are derived.
- **What Judges will be looking for:** Describes the key elements that the Judges will be looking for when assessing the Submittal. Elements relative to the baseline standards necessary to achieve the GFOA Budget Award are described, as well as elements relative to achieving an "exceptional" rating from the Judges. "Exceptional" ratings contribute towards achieving Special Recognition from GFOA.

## *1. Prepare & Develop Inputs to the Budget Process*

This Category encompasses Award Criteria relative to:

- A. Adopt / Re-Affirm budgeting principles and policies to guide the budget process.
- B. Examine internal and external forces that impact the budget

### **A. Adopt / Re-Affirm Budgeting Principles and Policies**

This sub-category includes the two criteria described below:

- ★ **Criterion 1. A. 1: Budget Principles.** A set of principles should be formally adopted by the Applicant and should be submitted as Supplementary Materials. The principles should address, at a minimum, the concepts outlined in the Best Practice 1A- Adopt/Re-Affirm Budgeting Principles & Policies to Guide the Budget Process.
- ★ **Criterion 1. A. 2: Budget Policies (Mandatory).** The Applicant should formally adopt a set of budget policies and should be submitted as Supplementary Materials. At a minimum, the policies should address the policy topics recommended by the Best Practice 1A- Adopt/Re-Affirm Budgeting Principles & Policies to Guide the Budget Process.



Reference *Best Practice 1A, Adopt/Re-Affirm Budgeting Principles & Policies to Guide the Budget Process*, for more information

## What Judges Will Be Looking For

Judges will be looking for the following characteristics in the Applicant's Submittal in order to meet the baseline standards.

- The budget principles address the concepts described in the Best Practice.
- The budget policies address the concepts described in the Best Practice.
- There is evidence that the practices and policies have been formally adopted by the Applicant, such as by board resolution or equivalent method.

Judges will be more inclined to rate an Applicant as "Exceptional" in this area if the following characteristics are present.

- Innovative or particularly effective policy provisions.
- Policies covering a broader range of topics than called for by the best practices, where the additional policies provide important additional guidance and governance to the budget process. Note that staff-level budgeting procedures would not exemplify this characteristic, nor would policies over financial management topics that are only tangentially related to budgeting (e.g., accounting, investment, etc.)
- Evidence in the budget document that the policies are being complied with. For example, a chart could show actual reserve levels versus the level called for by the Applicant's policy.

## B. Examine Internal and External Forces that Impact the Budget

This sub-category includes the two criteria described below:

- ★ **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. Best Practice 1B, "Examine Internal and External Forces that Impact the Budget," describes cost analysis techniques that the Applicant might consider.
- ★ **Criterion 1. B.2: Long-Range Financial Forecast (Mandatory).** Long-range revenue and expenditure forecasts in the Budget Document along with discussion of implications for organizational performance.
- ★ **Criterion 1.B.3: Long-Range Enrollment Forecast.** Long-range enrollment forecast 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 assessments data (summative and shorter-cycle), 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 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 Material.



Reference *Best Practice 1B, Examine Internal and External Forces that Impact the Budget*, for more information.

## What Judges Will Be Looking For

Judges will be looking for the following characteristics in the Applicant's Submittal in order to meet the baseline standards.

- The Applicant can demonstrate an insightful analysis of its cost structure. The Applicant should choose whatever cost analysis techniques it feels are most useful for its particular situation.
- The long-range forecasts project three to five years into the future and also show the two most recent years of actual revenues
- The implications of the forecasts are clearly described, including whether or not the district will have a positive operating balance during the timeframe covered by the forecast horizon.
- Important assumptions underlying the forecast are explicitly described.
- A description of the historical accuracy of forecasts, by comparing actual revenues to the originally adopted budget amount for the two most recently available years.
- Longitudinal and/or cross-sectional data are collected and analyzed in such a way as to provide insight into student performance, such as where students are encountering difficulty as they pursue their goals (e.g., course completion, degree/certificate completion, etc.)
- The Applicant can describe what insights and conclusions have been reached using student performance data and how those conclusions were used to set the Applicant's performance goals.
- Data other than assessment measures are included in the Applicant's analysis and the Applicant can describe what insights and conclusions have been reached using this data.
- Data are disaggregated into relevant groupings of students.
- The Applicant has performed a scan of its environment, taking into account at least some of the factors described in "Best Practice 1B, Examine Internal and External Forces that Impact the Budget."

Judges will be more inclined to rate an Applicant as "Exceptional" in this area if the following characteristics are present.

- The data capture information about the full range of the college experience.
- The environmental assessment specifically addresses key elements of internal capability such as:
  - Human resource capacity
  - Student needs and integrated support for students services
  - Acceleration of remedial students
- The environmental assessment specifically addresses key external influencers such as:
  - Local economy
  - Labor market (e.g., needs of employers, student job prospects)
  - Stakeholder perceptions
  - State and federal legislation

## *2. Define Goals & Identify Gaps*

This category encompasses Award Criteria relative to:

- A. Set goals to guide the budget and planning process
- B. Determine the gaps between the goals and current state and identify the root causes of the gaps.

## A. Set Goals to Guide the Budget and Planning Process

The Award Criteria for this category are:

- ★ **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 sub-units, 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.



Reference *Best Practice 2A, Set Goals to Guide the Budget and Planning Process*, for more information.

### What Judges Will Be Looking For

Judges will be looking for the following characteristics in the Applicant's Submittal in order to meet the baseline standards.

- The goals conform to the SMARTER framework.
- The goals address student performance as well as secondary factors that ultimately contribute to student performance.
- The goals link to the Applicant's analysis of the environment.
- The goal setting process was inclusive of all appropriate stakeholders.
- The goals take a multi-year perspective, including the identification of intermediate goals and it is clear which goals are intended to be accomplished within the budget year and which goals will require a longer-term perspective.
- There is a clear relationship between the college-wide goals and the goals of subunits.

Judges will be more inclined to rate an Applicant as "Exceptional" in this area if the following characteristics are present.

- Outstanding application of the SMARTER framework to goal setting.

## B. Determine the Gaps between the Goals and Current State and Identify the Root Causes of the Gaps

The Award Criterion for this category is:

- ★ **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.



Reference *Best Practice 2B, Determine the Gaps between the Goals and Current State, and Identify the Root Causes of the Gaps*, for more information.

### What Judges Will Be Looking For

Judges will be looking for the following characteristics in the Applicant's Submittal in order to meet the baseline standards.

- The analysis leads to a compelling root cause of the stated problem that is being analyzed.
- The subject of the analysis is clearly related to one of the Applicant's budget goals.
- There is evidence of focused participation in the analysis by appropriate stakeholders.

Judges will be more inclined to rate an Applicant as "Exceptional" in this area if the following characteristics are present.

- Use of systematic root cause analysis tools, such as the five whys or cause-and-effect diagrams.

## 3. Develop Strategies to Close the Gaps

This category encompasses Award Criteria relative to:

- A. Research proven policies and practices
- B. Develop strategies

### A. Research Proven Policies and Practices

The Award Criterion for this category is:

- ★ **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 Supplemental Materials. Note that the Applicant does not necessarily have to use the term "Institutional Priorities" in its budget process or document – any term is acceptable as long as the underlying concept is met.



Reference *Best Practice 3B, Develop Strategies*, for more information.

### What Judges Will Be Looking For

Judges will be looking for the following characteristics in the Applicant's Submittal in order to meet the baseline standards.

- The development of the Institutional Priorities is clearly informed by rigorous research.
- The Institutional Priorities are clear about the intent behind how they will improve student achievement, including an explanation of the presumed cause-and-effect relationship at work.
- The Institutional Priorities are not overly specific on implementation details.
- They are limited in number.

Judges will be more inclined to rate an Applicant as “Exceptional” in this area if the following characteristics are present.

- Particularly rigorous research base and a strong demonstrated tie between the research and the Institutional Priorities.
- A compelling format for presentation of the Institutional Priorities.

## B. Developing Strategies

The Award Criteria for this category are:

- ★ **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 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 Award Application.



Reference *Best Practice 3B, Develop Strategies*, for more information.

### What Judges Will Be Looking For

Judges will be looking for the following elements within the Action Plan(s) in the Applicant’s Submittal in order to meet the baseline standards.

- Goals for the college and its subunits.
- Evidence that the Applicant is collecting the data necessary to measure success relative to the stated goals.
- The actions that are intended to achieve the goals.
- Guidance on personnel counts and other critical resourcing assumptions.
- The Action Plan is inclusive of all resources available to the Applicant regardless of funding source.
- The presentation of strategies is inclusive of the diagnosis or the nature of issues the Applicant must deal with to achieve its goals, the Institutional Priorities that will guide its approach to overcoming these issues, and the actions it will take to implement these practices and policies.

Judges will be more inclined to rate an Applicant as “Exceptional” in this area if the following characteristics are present.

- Particularly well presented and defined Plan of Action.
- Analysis of the financial sustainability shows the extent to which the plan is financially sustainable beyond a single year.

## 4. Prioritize Spending to Enact the Strategies & Allocate Resources

This category encompasses Award Criteria relative to:

- A. Prioritize spending to enact the strategies
- B. Allocate funds based on the results of the prioritization process
- C. Create a budget document which communicates how resources have been allocated to enact the strategies

### A. Prioritize Spending to Enact the Strategies

The Award Criteria for this category are:

- ★ **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 the 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.



Reference *Best Practice 4A, Prioritize Spending to Enact the Strategies*, for more information.

#### What Judges Will Be Looking For

Judges will be looking for the following characteristics in the Applicant's Submittal in order to meet the baseline standards.

- Expenditures are defined in terms of Programmatic Elements or other budgetary decision units that describe how resources are being used to provide a particular service to students.
- Clear criteria have been defined to guide the evaluation of alignment between the Applicant's spending and its strategies and/or Action Plan.
- There is some documented justification of the process used to score the degree of alignment.
- Cost effectiveness data has been used to support the evaluation of spending.
- A prioritization process is clearly described, including the criteria used to prioritize Programmatic Elements.
- An inventory shows all of the Applicant's spending in programmatic terms.
- A transparent program review and sunset process exists.

Judges will be more inclined to rate an Applicant as "Exceptional" in this area if the following characteristics are present.

- The evaluation of spending is inclusive of a large portion of the Applicant's total budget. Large portions of the budget have not been taken as a "given" or otherwise exempted from evaluation.
- Analytical techniques are used to evaluate cost effectiveness of spending and an exceptionally insightful use of this information is demonstrated.

## B. Allocate Funds Based on the Results of the Prioritization Process

The Award Criteria for this category are:

- ★ **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.



Reference *Best Practice 4B, Allocate Funds Based on the Results of the Prioritization Process*, for more information.

### What Judges Will Be Looking For

Judges will be looking for the following characteristics in the Applicant's Submittal in order to meet the baseline standards.

- There is a clear connection between the allocation method and the Applicant's strategy to improve student performance.
- Dollars are allocated to Programmatic Elements or other units of budgetary analysis that make clear the service that the dollars are funding. Dollars are not allocated just to objects-of-expenditure.
- Allocation is comprehensive of all funding sources available to the Applicant, including categorical funds.
- Allocation of costs is inclusive of all direct costs associated with the Programmatic Element. For example, personnel costs are inclusive of salaries and benefits, to the extent possible.

## C. Create a Budget Document that Communicates How Resources Have Been Allocated to Enact the Strategies

The Award Criteria for this category are:

- ★ **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 district-wide goals that guide resource allocation and individual school sites.
- ★ **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.



Reference *Best Practice 4C, Create a Budget Document Which Communicates how Resources have been Allocated to Enact the Strategies*, for more information. **Please note that Appendix 1 to this Best Practice provides an outline for an ideal budget document.**

### **What Judges Will Be Looking For**

Judges will be looking for the following characteristics in the Applicant's Submittal in order to meet the baseline standards. Note that this part of the Award Criteria has some differentiation for Applicants using a staffing ratio formula versus a weight student funding formula.

- Please note that Appendix 1 to “Best Practice 4C, Create a Budget Document Which Communicates how Resources have been Allocated to Enact the Strategies” provides detailed suggestions on how to create a budget document that is consistent with the criteria listed above. While Applicants can certainly develop their own formats to meet the criteria the Appendix provides a baseline model that will inform the Judges’ evaluation.
- The budget presentation is more than the sum of its parts and tells a coherent and consistent story about what the Applicant intends to do to improve student achievement and how it is going to do it.
- The Budget Document is easy to navigate and users can find their way to relevant topics with minimal searching. The Best Practice provides an outline for a Budget Document that shows how a Budget Document could be organized to be easily navigable.
- The presentation of spending priorities is consistent with the information that the Applicant had submitted for other Award Criteria.
- The goals reflect the criteria described in the Best Practice: specific; measurable; relevant; time-bound; and exciting.
- The strategies reflect the criteria described on the Best Practice: what the initiative will accomplish; cost, accountabilities and schedule.
- The financial plan reflects the criteria described in the Best Practice.
- The long-term financial sustainability section of the Budget Document reflects the criteria described in the Best Practice: long-range enrollment projection; long-range financial projections; and financial risk analysis.
- Resources from all funding sources are shown, including categorical funding.
- The Budget Document describes important changes in the current year’s budget compared to previous years and provides reference points for comparing the proposed budget to the prior year’s budget including last year’s actual spending and current year budget or estimated actual spending for the current year.
- The Budget Document summarizes revenues and expenditures, sources and uses into useful categories that serve the informational needs of the audience for the Budget Document.

Judges will be more inclined to rate an Applicant as “Exceptional” in this area if the following characteristics are present.

- The cost of the Applicant’s strategies is very clear in the Budget Document.
- The Budget Document is very understandable to someone who is not a financial expert

## 5. Check Performance

This category encompasses Award Criteria relative to:

- A. Monitor and evaluate outcomes from budgeting decisions

### A. Monitor and Evaluate Outcomes from Budgeting Decisions

The Award Criterion for this category is:

- ★ **Criterion 5.A.1: Monitoring Implementation.** The Applicant can show documented responsible parties, milestones, and 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 (both financial and student achievement results), the root causes of those differences, and plan for how the planning, budgeting, and/or implementation process will be adjusted accordingly.



Reference *Best Practice 5A, Monitor and Evaluate Outcomes from Budgeting Decisions*, for more information.

#### What Judges Will Be Looking For

Judges will be looking for the following characteristics in the Applicant’s Submittal in order to meet the baseline standards.

- A member of the Applicant’s senior staff is assigned responsibility for overseeing the implementation of the Action Plan.
- There are responsible parties identified for implementing the components of the Plan of Action.
- Milestones and a system of reporting for monitoring strategy are identified.
- Interim assessments are used to gauge the degree of progress towards goals.

Judges will be more inclined to rate an Applicant as “Exceptional” in this area if the following characteristics are present.

- Outstanding implementation of the above criteria.

## 6. Enhanced Budgeting Practices

This category encompasses Award Criteria relative to:

- A. Establish Criteria & Measures for Success of the Budget Process
- B. Allocate costs of shared support services to subunits to better understand the true cost of offering services.

## A. Establish Criteria & Measures for Success of the Budget Process

The Award Criteria for this category are:

- ★ **Criterion Enhanced A.1: Finance-academic partnership.** The Academic Officer is a key participant in the budget 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 budget process.** The Applicant has described in its Award Application the measures it uses to evaluate the timeliness, cost, and quality of the budget process.
- ★ **Criterion Enhanced A.3: Budget Post-Mortem.** In the Award Application, the Applicant describes the Applicant's post-mortem process on the budget process and the conclusions reached with regard to lessons learned.
- ★ **Criterion Enhanced A.4: Adjusting the Budget 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.



Reference *Best Practice 6A, Establish Criteria & Measures for Success of the Budget Process*, for more information.

### What Judges Will Be Looking For

The Award Interview is a key Submittal for the Judges' evaluation of these criteria. Judges will be looking for the following characteristics in the Applicant's Submittal in order to meet the baseline standards.

- The Academic Officer can explain his or her role in the budget process and how the budget has helped the Applicant advance student learning.
- The Applicant can describe the parties that were involved in the governance of the budget process and the role they played.
- A clear set of measures to gauge the time, cost (effort required), and quality of the budget process.
- The measures have actually been used to manage the budget process.
- A description of what the Applicant learned from this year's budget process and what the Applicant intends to do differently next year as a result.

Judges will be more inclined to rate an Applicant as "Exceptional" in this area if the following characteristics are present.

- The Academic Officer displays a superior command of the issues involved in the budget process.
- The measures used to manage the budget process are exceptionally compelling and have been used closely in the budget process.
- A formal post-mortem process that examines the budget process in retrospect in order to identify what worked well and what didn't work well.

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

The Award Criteria for this category are:

- ★ **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.



Reference *Best Practice 6B, Allocate Costs of Shared Support Services to Subunits to Better Understand the True Cost of Offering Services*, for more information.

### What Judges Will Be Looking For

Judges will be looking for the following characteristics in the Applicant's Submittal in order to meet the baseline standards.

- The formulas are readily apparent and understandable.
- The allocation strategy supports the Applicants budgeting strategy in a compelling way

Judges will be more inclined to rate an Applicant as "Exceptional" in this area if the following characteristics are present.

- Outstanding implementation of the above criteria, such as particular intuitive presentations of the allocation formula such that the formula can be understood by a layperson.

# Appendix 1 – Judges Standard Interview Questions

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Below are the questions that the judges will use as the starting point for the Award Interview. The Judges may choose to add to this list of questions or change some of the questions based on particular concerns they have about the Submittal.

1. What steps have you taken to ensure that your governing board is committed to your financial policies, rather than just perfunctorily adopting them?
2. What are the most important things you have done to ensure a solid partnership between the finance and academic staff?
3. What steps have you taken to ensure that the financial planning and budget process is perceived as fair by participants?
4. Who participated in your goal-setting process? How do the college-wide goals relate to the work of the college's subunits?
5. What was the most surprising finding of your root-cause analysis?
6. Describe the research that went into developing the Institutional Priorities. What makes you confident that these Institutional Priorities will be effective on "moving the needle" on student performance?
7. What were the hardest choices you had to make when considering trade-offs between the Institutional Priorities and options for finding additional resources? How were the associated conflicts resolved?
8. What role did analysis of the cost-effectiveness of services play in your decision-making? How do you plan to further develop your capacity to analyze cost-effectiveness in the future?
9. What are the most important things you have learned about your financial planning and budgeting process this year? What do you plan to do to improve the process in the future?