BEST PRACTICES IN COMMUNITY COLLEGE BUDGETING

DEFINE GOALS & IDENTIFY GAPS
2A – Set Goals to Guide the Budget and Planning Process

SUMMARY

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 goals, which allows a district to test its goals against seven characteristics of effective goals: Specific, Measurable, Achievable, Relevant, Time-bound, Exciting, 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 multi-year college-wide improvement.
- 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 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.

INTRODUCTION

Ambitious goals for student achievement are the starting point and a lynchpin for the community college budget 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 a given proposed use of resources further the goal or not?).
- Goals are the basis for evaluating whether resources have been used effectively – 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" goals).
III. An example of the SMARTER goals framework (see Appendix 1).

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. The GFOA recommends that a college's goal-setting process incorporate the following steps:

> **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.

- **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.
- **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 improve 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:
    - o Incorporate a review of the strategic environment.
    - o Be collaborative and reflect input from the groups that have a role in achieving the goals, such as management, support staff, and faculty.
    - o 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. Colleges should distribute responsibility for achieving the goals to their subunits according to 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 frame work allows the college to test its goals against seven characteristics of effective goals, where each letter of the SMARTER acronym signifies one of the characteristics. These characteristics are:

- **Specific.** The goal is precise about the outcome or result, ideally using quantifiable standards of performance. 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. Not only should the goal be quantifiable, but also the data to accurately measure the current level of performance and changes in performance should be obtainable for a reasonable cost and quickly enough to support management 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/outcomes relative to: students' completion of associate degrees and transfer to four-year institutions; students' completion of training leading towards 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 on 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 multi-year 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.

- **Exciting.** The goal reaches for significant, ambitious improvement in student achievement and organizational performance. By setting exciting, ambitious goals, community colleges signal a belief that their students can achieve these high standards as well as a belief that positive changes by the community college will lead to these gains in student achievement.[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. The GFOA recommends that colleges follow the SMARTER goal framework to develop goals that guide the budget process. These goals should address the results the college and its subunits wish to achieve in two key areas:

- Student performance.[5]
- Goals that relate to factors thought to support student 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 in School Budgeting, B1 – Analyze Current Levels of Student Learning, for more guidance on how to best analyze student achievement.

APPENDIX 1

EXAMPLE OF SMARTER GOALS

This section is intended to provide an example of how the concepts described in this Best Practice could be applied in practice, using a hypothetical college. The example is only intended to enhance the reader's understanding of the Best Practice concepts and is not intended to dictate a particular format or method. Rather, college managers should use their judgment and experience to decide how to most effectively apply the Best Practice concepts in their college. *NOTE TO READER: EXAMPLE IS UNDER DEVELOPMENT BY GFOA*