Trials and Tribulations of a Budget Review Process

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Institution: Grand Rapids Community College
Date: Oct. 6, 2014
Agenda

- Quick Facts
- Impetus for Budget Review
- Development of the Process
- Desired Characteristics of the Process
- The Model Itself
- Implementation: Trials, Tribulations and (some) Solutions
- Learnings and Next Steps
Quick Facts

- GRCC was founded in 1914 as Grand Rapids Junior College – we are celebrating our centennial this year!
- Operating budget (2014-15) = $108 million
- Students = 16,600 credit-based, and another 17,800 enrolled in non-credit programs (e.g. apprenticeships, job training, GED, ESL and corporate/customized training).
- FT Faculty and staff = 650
- We are projecting (at least) a 2.3% enrollment decline for 2014-15.
Impetus for a Budget Review

- **Financial Challenges:**
  - State budget cuts
  - Declining enrollment
  - Declining property tax revenue and failure to pass an increased millage levy
  - Increased health care and retirement costs

- **Completed the “typical” budget cutting:**
  - Across-the-board reductions to non-salary budgets
  - Salary freezes
  - Voluntary early retirement incentives
  - No (or delayed) filling of open positions
Development of the Process

- Our Strategic Leadership Team (SLT) reviewed models from various higher education institutions nationwide and identified the strengths and weaknesses of each.
- It was determined that none “checked all the boxes” we wanted.
- The President then charged a SLT subcommittee with developing a comprehensive process to review the performance and viability of all programs and departments.
Development of the Process (cont’d)

- **The subcommittee:**
  - Co-facilitated by the VP of Finance & Administration and the Dean of the School of Arts & Sciences
  - 12 members, from all employee groups – Faculty, ESP, CEBA, and Meet & Confer (both academic and non-academic administration)

- **Their charge:**
  - Develop a PROCESS for budget review (implementation would be done by another committee)
The work: In numerous meetings > 28 hrs. total:

- Defined the characteristics that we believed GRCC’s budget process should possess
- Reviewed the previous work of SLT
- Further studied and reviewed budget reduction models
- Drafted an overview of our model – its different elements, both qualitative and quantitative
Development of the Process (cont’d)

- The work (cont’d)

- Developed templates for programs/services to complete (in conjunction with IRP and Financial Services)
- Developed “scoring” rubrics to evaluate templates
- Developed an overall process/timeframe to accomplish this review
- Presented our work to SLT periodically – solicited feedback
Development of the Process (cont’d)

- Final steps and success!

- Final output was submitted to SLT. It was approved (by a majority vote) and recommended to the President.

- The president accepted the recommendation from SLT, and directed implementation of budget review for an initial three-year cycle.
Desired Characteristics of the Process

- Be driven by the college's mission, vision, values, and ends
- Demonstrate a commitment to maintaining academic integrity (e.g., to maintaining sound academic practices for students)
- Demonstrate an awareness of the changing environment and an understanding of how work done on the budget impacts other commitments such as contracts (labor and other)
- Assess the implications of budget on accreditation and other quality initiatives
- Make budget recommendations to executive leadership after gathering input and relevant data from stakeholders – all employee groups, students, and the external community
- Have a clear and proactive timeline and schedule that includes long-term (3-5 year) and short-term (less than 3-year) goals, as well as the programs to be reviewed
- Examine multiple, flexible solutions to budget savings
- Be transparent to internal and external constituents and have a clear communication strategy
- Be made budget recommendations to executive leadership after gathering input and relevant data from stakeholders – all employee groups, students, and the external community

Budget Review Process
The Model

Complements our existing annual budget process

Includes input from programs and services being reviewed, in addition to data provided by the college

Combines qualitative and quantitative elements

Can result in various recommendations:
- Maintain the program/service at the current level
- Enhance the program/service
- Reduce the program/service
- Eliminate the program/service

Is conducted by a representative committee that makes recommendations to executive leadership
The Model (cont’d)

**Narrative Element**
- Completed by the unit being reviewed
- Questions: alignment to mission, vision, values, and ends? Alignment to strategic plan? Impact on student success and recruiting? Internal and external demand?

**Quantitative Element**
- Completed by the unit, with assistance from IRP/Financial Services
- Questions: Program relevance and quality? Revenue generated? Cost? Number of staff? Number of customers or students? Benchmark data on ratio of staff to customers?
The Model (cont’d)

- Components:
  - Template for academic administration
  - Template for academic support
  - Scoring rubric academic administration
  - Scoring rubric academic administration
An 11-member Budget Review Implementation Team (BRIT) was appointed. Included representatives from all employee groups, and some members of the original development subcommittee. The BRIT was co-chaired by a representative from academics (faculty or academic admin.) and from finance & administration. BRIT evaluated and scored 76 departments or programs (“units”) over a three-year period.
Implementation: Trials, Tribulations & (Some) Solutions

- Using a 3-point scale, the mean score was 2.04.
- 15 units received a recommendation to “consider for increased funding.”
- 45 units received a recommendation to “maintain current funding levels.”
- 16 units received a recommendation to “consider for decreased funding.”
- A score and written feedback was provided to each unit.
- Each unit leader was given the opportunity to respond in writing to the score and feedback. Responses became an official part of the final recommendation (but BRIT did not reply to responses).
- Final scores, recommendations, feedback and any responses were presented to the President and executive leadership.
# Implementation: Trials, Tribulations & (Some) Solutions

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<th>Trials and Tribulations</th>
<th>Our Solutions</th>
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<td>The submissions were lengthy and scoring was time-consuming</td>
<td>Divide BRIT into “scoring teams”. Each team scored the same questions for each submission</td>
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<td>No definition for how scores should translate into funding recommendations</td>
<td>Used standard deviation (SD) analysis to determine cutoffs</td>
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<td>• &gt; 1 SD over mean: consider increase</td>
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<td>• w/in 1 SD of mean: maintain</td>
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<tr>
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<td>• &lt; 1 SD under mean: consider decrease</td>
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<td>Unit leaders identified challenges</td>
<td>Be as transparent as possible:</td>
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<td>• Held informational sessions where we walked through the submission templates and answered questions</td>
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<td>• Made the scoring rubric available to unit leaders up front.</td>
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<td>• Communicate how the results will be used.</td>
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## Implementation: Trials, Tribulations & (Some) Solutions

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<td>Due to the very qualitative nature of some aspects of the submission, scoring, among BRIT members was inconsistent</td>
<td>• Developed a “norms” for each question in the scoring rubric.</td>
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<td>• Elucidated what a score of “1”, “2” or “3” should mean</td>
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<td>• Encouraged scoring team members to discuss and challenge each other when there was a significant divergence in scoring (e.g. “1” and “3” for the same question)</td>
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<td>Benchmarking presented difficulties</td>
<td>• The data experts in our IRP office held voluntary Benchmarking 101 training sessions</td>
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<td>• The benchmarking question was scored by all team members, and “the benefit of the doubt” was given whenever possible</td>
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Next Steps and Learnings

- During the Fall of 2014, the results of the Budget Review Process will be a significant input used by an ad hoc budget team to formulate specific recommendations for budget balancing strategies to be employed in the event that enrollment declines are more precipitous than anticipated. Those recommendations will fall into three categories:

  1. Implement in Fall 2014
  2. Implement in Fall 2015, if needed
  3. Need more analysis and/or implement beyond Fall 2015

- During the Winter/Spring of 2015, the Budget Review Process will be revisited and updated in preparation for a second review cycle beginning in the Fall of 2016
Next Steps and Learnings

Benefits of Budget Review Process 1.0:

1. Generated campus-wide discussion about budget matters.

2. Expanded the knowledge base regarding budget matters among leaders of all employee groups through participation on the process development team and the BRIT.

3. Through the benchmarking process, many academic support unit leaders are looking at their operations in new and different ways.
Next Steps and Learnings

What we hope to change in Budget Review Process 2.0:

1. More quantitatively focused
   - Enrollment
   - Revenues vs. expenses
2. Eliminate duplication of work from the Academic Review Process
3. More prescriptive regarding benchmarking
   - Determine benchmark institutions
   - Define metrics to be used
Questions or comments?