

I. EXECUTIVE SUMMARY

The following Executive Summary describes the final project and presentation prepared by Stacy Mungo, Kelly Forester, Jim Thomas and John Keisler, for PPD 541 Public Finance and Budgeting taught by John K. Nicoll. The purpose of the final project was to focus on contemporary problems and issues in public finance and the principles and practices of the profession to address them.

Background

Budgeting is a process of setting priorities for a limited amount of resources. Budgets can be used for a variety of purposes including accountability, planning, evaluation and gathering information about an organization. There are many different types of budgets depending on the type of organization and its purpose.

One technique for preparing budgets is performance budgeting—measuring efficiency by relating inputs to specific desired outputs. The performance budget requires a clear mission and objectives. The performance budget works best with measurable activities. In selecting a topic for our final project, we chose to analyze an existing budget to see if its priorities were in line with its desired outcomes. For this purpose, we selected the Graduate Professional Student Senate (GPSS) at the University of Southern California (USC).

Purpose

The purpose of our project was threefold. First, we wanted to apply our study of public finance to an existing organization. Second, we wanted to benefit the organization, developing recommendations that could be implemented if the organization so chose.

Strengths of a Performance Budget

- Pinpoints responsibility for programs
- Shows the relationship between a service level standard and the cost to perform at that standard
- Facilitates comparability to other programs by showing input/output ratios.

Little Budget Book, Len Wood

Third, we wanted to benefit ourselves, practicing the skills of strategic planning and performance budgeting.

Goals and Objectives

In line with our purpose, we established the following goals for the project:

- Create a clear statement of the mission and goals of the organization (GPSS)
- Evaluate budget information and assess the degree to which budgetary priorities function to meet organizational goals
- Create a budget summary with a clear statement of revenues, expenses and priorities
- Provide recommendations for performance based budgeting
- Present our findings to PPD 541 and to the Executive Board of GPSS

For the remainder of this summary we will use the terms *Consultants* to describe the project team and *Committee* to describe the GPSS Officers. The following sections describe the process, recommendations and conclusions of the Consultants. The Appendix contains documents pertinent to the completion of the project.

II. PROCESS

The following section presents a summary of the eight steps the Consultants took to achieve the stated goals of the project.

1. Proposal/Approval

Because the project required collaboration and approval from the Executive Committee, the Consultants prepared a written proposal (see Appendix A) and presented the project at a regular Committee meeting for approval. At this meeting, the Consultants answered a number of the concerns of the Committee. Most important to the Committee were time constraints and the intended outcomes of the project.

2. Workshop

After researching the stated mission and goals of GPSS (see Appendix B), the Consultants guided the Committee through a 45-minute workshop to brainstorm about the purpose, role and services offered by the organization. At the outset of the workshop, it was revealed that the Committee had three different mission statements in three different documents. The workshop helped facilitate a group conversation about the purpose and role of the GPSS.

3. Analysis

After the workshop, the Consultants met to analyze notes from the brainstorming session (see Appendix C). From these notes, one purpose emerged: to enhance the graduate and professional student experience at USC. Additionally, four objectives to accomplish this purpose emerged: funding, advocacy, community building and education (FACE).

4. Survey

To provide the Committee an opportunity to comment individually about the proposed mission and goals of GPSS, the Consultants prepared an electronic survey administered by email on www.surveymonkey.com (see Appendix D). Fifty percent of the surveys were returned and compiled by the Consultants for analysis.

5. Summary

The electronic survey yielded a number of more specific comments from Committee members that were compiled in a survey-summary (see Appendix E). A number of specific objectives were proposed by Committee members to improve the performance of the organization.

6. Budget Analysis

The 2003-2004 GPSS Final Budget was retained and analyzed by the Consultants. Specifically, fund summaries (see Appendix F) were graphed and compared to priorities identified by the Committee.

7. Recommendations

A two-page budget summary was drafted to present an overview of the organization's priorities, revenues and expenses (see Appendix G). It is the recommendation of the Consultants to establish more specific performance objectives in the Spring 2005.

8. Final Report

An Executive Summary and Power Point was presented to PPD 541 and will be presented to the Committee with recommendations for the completion of the project.

III. RECOMMENDATIONS

The Consultants presented three recommendations to the Committee.

- Clarify the mission and purpose of the organization
- Establish 3-4 clear objectives to achieve your mission
- Identify clear and measurable outcomes (to measure performance and inform budget priorities)

The first of the two recommendations were achieved in the first five weeks of the project through the workshop, survey and summary process. However, the third of the recommendations will not be completed until Spring 2005.

Clarify the Mission of the Organization

Based on the analysis of the organization and its services as well as the strategic planning process, the Consultants recommend the following mission statement for GPSS:

“To enhance the USC graduate and professional student experience”

This mission statement is specific to the role of GPSS at USC but broad enough to encompass the many programs and services provided to graduate students. Additionally, it is the recommendation of the Consultants that the statement of purpose be concise and without vague or ambiguous language.

Establish 3-4 Clear Objectives

Objectives help an organization achieve its mission and purpose. The Consultants identified four categories of services offered by GPSS:

- Funding: managing graduate student resources efficiently
- Advocacy: providing a voice for the graduate community
- Community: building a graduate community through interdisciplinary exchanges
- Education: informing graduate students about their rights, resources and opportunities

The Consultants recommend that objectives be limited to be effective. “The FACE of the graduate community” captures the essence of GPSS. FACE is an acronym for: Funding, Advocacy, Community and Education. Additionally, these objectives provide important criteria for making funding and development decisions.

Identify Clear and Measurable Outcomes

In a performance based budget, the development of performance measures is essential for establishing the cost of providing the services identified as priorities. It is the recommendation of the Consultants that the Committee:

- Establish 1-2 quantifiable outcomes for each objective
- Align the 2005-2006 budget to achieve these outcomes

By “quantifiable outcomes” the Consultants recommend the Committee establish a target date, allocation of time, work load, turnaround time, dollar amount, result, response time or percentage completed for each of the objectives.

Measurement is essential to determine success and evaluate the effective use of organizational resources.

IV. CONCLUSIONS

The strategic planning and budget process is challenging for any organization. It often requires negotiation, collaboration and a commitment by each member of a team to sacrifice for the good of the whole. The Consultants found the experience working with the Executive Committee of GPSS to be at times both challenging and rewarding.

Challenges

There were a number of challenges the Consultants faced in working with the Committee including the following:

Coherence

From the outset, it was clear to the Consultants that each of the Committee members had a very clear sense of what their role in the organization entailed. However, finding a unified vision of how these many various roles fit together posed a challenge. Additionally, when asked about their mission statement, there was disagreement about which of three different mission statements listed on various documents actually reflected the purpose of the organization.

Culture

Every organization has its own culture that is established over time. In the case of GPSS, tradition has a strong influence over the decision making process. There was a general acceptance of the established mission statement (created by a past committee). From funding decisions to programming, the Committee often referred to *what they always did* rather than *what they should do*.

Successes

The strategic planning process also presented a number of successes including:

Vision

It was immediately apparent that the leaders of GPSS cared a great deal about the future of organization. This was demonstrated through the willingness to engage the strategic planning process. Oftentimes, organizations consider themselves “too busy” to take time to plan; meanwhile they spend the majority of their time responding to problems and emergencies that arise. The leaders of GPSS have the vision to dedicate a portion of their time to establish a roadmap for where they want to go and develop the direction to get there so that emergencies do not arise.

Enthusiasm

Without a true commitment to the process, establishing priorities can become useless and mundane. If leaders are not enthusiastic about the goals they set, implementation is unlikely. The leaders of GPSS engaged in serious dialogue and kept a positive attitude throughout the planning process.

Clarity

The mission and objectives stated by the Committee are clear yet flexible and provide an excellent framework for developing clear and measurable budget priorities. The Consultants believe that the Committee has a much clearer picture of itself and the direction it will take in the coming year.

Outcomes

The following section presents a listing of the outcomes completed to date with a list of desired outcomes to be completed in the Spring 2005.

Completed

Of the goals established by the Consultants, the following have been completed:

- Clarify the current mission and goals of the organization (GPSS)
- Create a budget summary with a clear statement of revenues and expenses
- Present our findings to PPD 541

Documents listed as completed can be found in the Appendix of this Executive Summary.

To Be Completed in the Spring 2005

Due to time constraints and the conclusion of the Fall Semester, the following actions will be completed by the Consultants and Committee in the coming months:

- Establish performance measurements for each of the four FACE objectives
- Create a performance based budget that aligns budgetary priorities to meet organizational objectives

A Final Report will be available at the completion of the project in the late spring with the hope that recommendations can be implemented in fiscal year 2005-2006.