

Understanding the Connection between Budgeting and Planning: Improving Grant Proposals and Accountability to Donors

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Housekeeping Items

- Workshop time and breaks
- Break-out groups sessions
- Q&A and Chats

AGENDA

- Introduction
- What is the purpose of a budget?
- What is strategic budgeting?
- Strategic budgeting tools
- Grant proposals and accountability to donors
- Q&A and Discussion

What is the purpose of a budget?

The Mission of the Budget Process

“... help decision makers make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process.”

Source: Government Finance Officers Association, National Advisory Council on State and Local Budgeting (1999) *Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting*.

Characteristics of an Effective Budget Process

- Strategic
- A multi-year financial and operating plan
- Allocates resources on the basis of identified goals
- Moves beyond line item expenditure control
- Provides flexibility to managers that can lead to improved program efficiency and effectiveness

Source: Government Finance Officers Association, National Advisory Council on State and Local Budgeting (1999) *Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting*.

Stakeholders in the Budget Process

The budget process should accomplish the following:

- Involve stakeholders
- Identify stakeholder issues and concerns
- Obtain stakeholder support for the overall budgeting process
- Achieve stakeholder acceptance of decisions related to goals, services, and resource utilization
- Report to stakeholders on services and resource utilization
- Enhance stakeholders' view of the organization

Adapted from:: Government Finance Officers Association, National Advisory Council on State and Local Budgeting (1999) *Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting*.

Who are Your Organization's Stakeholders?

EXAMPLES OF GRANT CRITERIA

EXCERPTS FROM CHARLES COUNTY CHARITABLE TRUST'S GRANT CRITERIA

- Goals, objectives and outcomes are clearly defined and achievable, given the available financial and staff resources.
- Potential impact program(s) will have on the quality of lives of underserved populations, such as those living in poverty or from low-income households and individuals with disabilities.
- Potential impact on the quality of life for residents of Charles County at large, such as arts and culture, the environment and education.
- The extent to which partnerships are formed with other organizations to better target services, improve programs and reduce costs.
- The extent to which a diverse mix of funding is obtained to support and/or expand programs.

Excerpts from Grant Applications and Criteria

DELAPLAINE FOUNDATION

Highest priority will be given to those organizations most able to demonstrate the ability to provide programs and services with long term benefits, measurable results, and with the ability to attract financial support from other additional sources.

YOUR ORGANIZATION'S CURRENT BUDGET PROCESS

- Does my organization's budget process have the characteristics of an effective budget process?
- Does my organization budget process allow for good communication, input from relevant stakeholders, and transparent decisions?
- Is the budget based on, and does it clearly support, my organization's goals and strategic plan?
- Can my organization's budget be used to develop grant proposals that meet the criteria of the grantors in a streamlined way?

WHAT ARE YOUR GRANTORS AND DONORS LOOKING FOR?

- How and when are you spend their funding?
- The impacts of their funding?
- Can your organization ensure that the funding is spent only for the purposes it was provided for?
- Can you track the impact and allocations of each of the different sources of funding your organization receives?

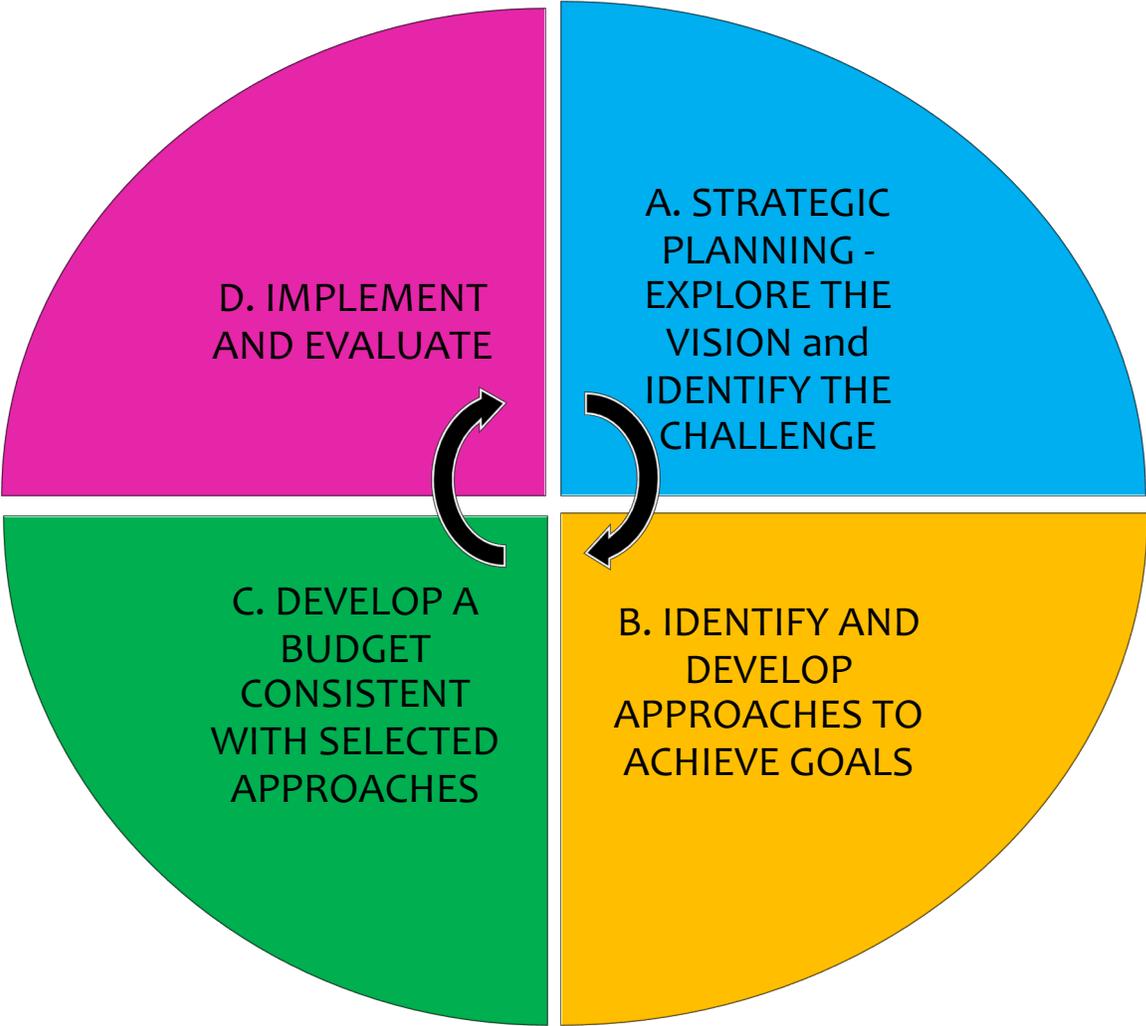
10 MINUTE BREAK

SMALL GROUP EXERCISE #1

What are the key gaps in your organization's budget process that are preventing you from successfully applying for grants, meeting the grantor's impact and reporting requirements, and achieving your organization's goals?

Based on your discussion, identify the top three gaps for your group. I will ask your group to share these with the other participants.

Strategic Budget Process



The Phases of the Strategic Budget Process

A. Establish Broad Goals to Guide Decision Making (STRATEGIC PLANNING – EXPLORE THE VISION)

1. Assess the situation – carefully examine the situation, gather data, determine and evaluate next steps. Fight the urge to solve the problem before you know what it is.

GATHER DATA - Assess community needs, priorities, challenges and opportunities, include stakeholder input.

FORMULATE THE CHALLENGE - Identify opportunities and challenges for services, capital assets, and management

2. Develop and disseminate vision and broad goals (strategic plan), including to stakeholders

Adapted from: Government Finance Officers Association, National Advisory Council on State and Local Budgeting (1999) *Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting* and FourSight theory Puccio, G. & Miller, B. (2003).

The Phases of the Strategic Budget Process

B. Identify Approaches (programs, projects, etc) to Achieve Goals

3. Adopt financial, program, operating, capital policies

4. GENERATE IDEAS - Develop program, operating, and capital plans to meet goals or address opportunities and challenges, include stakeholders

5. ORGANIZE IDEAS - Develop programs and services consistent with policies and plans

6. FORMULATE, ANALYZE, AND STRENGTHEN IDEAS - Develop management strategies for implementing the selected ideas

Adapted from: Government Finance Officers Association, National Advisory Council on State and Local Budgeting (1999) *Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting* and FourSight theory Puccio, G. & Miller, B. (2003).

The Phases of the Budget Process

C. Develop a Budget Consistent with Approaches to Achieve Goals

7. Develop a budget preparation and adoption process

8. Develop an action plan based on the management strategies identified to implement selected ideas. (FORMULATE A PLAN)

9. Develop and evaluate financial options – explore assisters and resisters (consider stakeholders) and identify needed resources.

10. Make choices necessary to adopt a budget – prepare a multi-year budget based on the action plan to implement the management strategies.

Adapted from: Government Finance Officers Association, National Advisory Council on State and Local Budgeting (1999) *Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting* and FourSight theory, Puccio, G. & Miller, B. (2003).

The Phases of the Budget Process

C. Implement and Evaluate Performance and Make Adjustments

11. Monitor, measure, and evaluate performance, include stakeholder feedback.

12. Make adjustments as needed

Adapted from: Government Finance Officers Association, National Advisory Council on State and Local Budgeting (1999) *Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting* and FourSight theory, Puccio, G. & Miller, B. (2003).

Strategic Budget Tools

| A. Identify the challenge/establish broad goals | C. Develop a budget consistent with approaches |
|---|--|
| <ul style="list-style-type: none"> Gap Analysis (with stakeholder reps) | <ul style="list-style-type: none"> Assisters and Resisters |
| | <ul style="list-style-type: none"> Action Plan |
| | <ul style="list-style-type: none"> Budget Plan |
| B. Generate ideas/identify approaches to achieve goals | Implement and evaluate performance and make adjustments |
| <ul style="list-style-type: none"> Brainstorming (with stakeholder reps) | <ul style="list-style-type: none"> Gap Analysis (with stakeholder reps) |
| <ul style="list-style-type: none"> Highlighting (with stakeholder reps) | <ul style="list-style-type: none"> Feedback Grid (updated) |
| <ul style="list-style-type: none"> Evaluation Matrix (with stakeholder reps) | <ul style="list-style-type: none"> Action Plan (revised) |
| <ul style="list-style-type: none"> Feedback Grid | <ul style="list-style-type: none"> Budget Plan (revised) |

Source: *Facilitation: A Door to Creative Leadership*, Firestien, R., Miller, B., Nielsen, D., Thurber, S., Vehar, J. (2011).

Gap Analysis

1. Describe the current state of the challenge(s) your organization is facing.
2. Describe the ideal state of your challenge.
3. Identify the gaps between the current state and the desired state of your challenge. Begin each gap with “How to...”

Brainstorming

“What might be all the things we can do to address the gap?”

- Begin each idea with a verb – these are action ideas.
- Write your idea on a post-it, say it out loud, and put it on the board. **DO NOT JUDGE OR EVALUATE IDEAS AT THIS TIME.**
- Try for at least 20 ideas

Highlighting

Each person selects their top 3-5 ideas (the ones that have the most promise or are the most compelling, innovative, or on-target) by putting a dot on the post-it with the idea.

Evaluation Matrix

After highlighting, identify the top 3 or 4 ideas with the most dots or checks.

Make the following chart:

| IDEAS | Criteria #1 | Criteria #2 | Criteria #3 |
|---------|-------------|-------------|-------------|
| Idea #1 | | | |
| Idea #2 | | | |
| Idea #3 | | | |

Select the most important criteria to evaluate your ideas by asking, “What does the idea have to be for us to want to do it?”

“Will the idea _____?”, “Does the idea _____?”, “Is the idea _____?”

Phrase the criteria so that you get positive responses. The more specific the criteria, the more useful and add performance measures, if possible.

Evaluation Matrix, continued

Use the rating system below to fill in the boxes, one column at a time:

A (excellent), B, C, D, E, F (poor)

After you have completed the columns, discuss the relative strengths and weaknesses and factor these ratings in your final decision about which idea (program or policy) to pursue.

Feedback Grid

| | |
|--|---|
| <p>PLUSES</p> | <p>CONSTRUCTIVE FEEDBACK</p> <p>All concerns should be phrased as questions.</p> |
| <p>?</p> <p>AREAS YOU STILL HAVE QUESTIONS ABOUT OR NEED ADDITIONAL INFORMATION</p> | <p>NEW THINKING – “AHA’S”</p> |

ASSISTERS AND RESISTERS TOOL

| ASSISTERS | RESISTERS |
|--|--|
| <p>List any factors, including persons, organizations, grantors, government entities, policies, etc. that support or can assist the implementation of your idea.</p> | <p>List any factors, including persons, organizations, grantor requirements, government entities, policies, etc. that block, hinder the implementation of your idea.</p> |

ACTION PLAN

| ACTION STEPS | BY WHEN | WHO WILL DO THE STEP | RESOURCES NEEDED FOR THE STEP | HAVE NEEDED RESOURCES? |
|---|---------|----------------------|-------------------------------|------------------------|
| <p>IMMEDIATE (SPECIFY A TIMEFRAME)</p> <p>List each action step, as many as needed. When identifying steps, keep your list of assisters and resisters in mind.</p> | | | | |
| <p>MID-TERM (SPECIFY A TIMEFRAME)</p> <p>List each action step, as many as needed. When identifying steps, keep your list of assisters and resisters in mind.</p> | | | | |
| <p>LONG-TERM (SPECIFY A TIMEFRAME)</p> <p>List each action step, as many as needed. When identifying steps, keep your list of assisters and resisters in mind.</p> | | | | |

Budget Plan

| ACTION STEP | TOTAL RESOURCES REQUIRED | RESOURCES CURRENTLY AVAILABLE | ADDITIONAL RESOURCES NEEDED | POTENTIAL SOURCE FOR RESOURCE |
|---|--------------------------|-------------------------------|-----------------------------|-------------------------------|
| IMMEDIATE (SPECIFY A TIMEFRAME, CURRENT FY) | | | | |
| List each action step. | | | | |
| | | | | |
| | | | | |
| MID-TERM (SPECIFY A TIMEFRAME, BUDGET FY) | | | | |
| List each action step. | | | | |
| | | | | |
| | | | | |
| LONG-TERM (SPECIFY A TIMEFRAME, 2-5 YEARS BEYOND CURRENT FY) | | | | |
| List each action step. | | | | |
| | | | | |

10 MINUTE BREAK

SMALL GROUP EXERCISE #2

Reflecting on the gaps you identified earlier, please discuss the one thing that each of you will do to strengthen the connections between your organization's budget process with strategic planning and grant application processes.

I will ask each group to share a summary of your discussion.

Ways these Tools Improve Grant Proposals and Accountability

- Streamlines the process for estimating funding requests.
- Improves your understanding of what your clients need – accurately identify the challenge/problem your organization is addressing.
- Know what resources your organization needs and when they are needed.
- Directly links your organization's strategic plan and budget.
- Simplifies your ability to monitor the budget and program implementation
- By clearly identifying what you can deliver and when, you can build grant proposals that accurately reflect your organization's capacity and program impact.

Q&A and Discussion

Thank you!

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