Agency Budget Requests: Key Questions and Things to Look For

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Before You Even Start...

How will you use the budget request?

- Develop Budget
- Gather data for analysis
Before You Even Start...

- Learn about the agency
  - What does the department do
  - Why do they perform an activity
  - How do they compare to other states
  - Who, What, When, Where, and How

- Written materials
  - Agency websites & briefing books (organizational charts)
  - Prior budgets
  - Analyst notes
  - Agency budget requests, strategic plans, & activity lists
  - Governing statutes & rules

- Longitudinal data
  - Historical spending & revenue data
  - Historical workload & outcome measures

- Other
  - Studies, audits, task forces, reports, etc.
  - Conversations with others (agencies, advocates, other legislative staff, Governor’s staff, etc.)
  - Agency tours & meetings
  - What are other states doing? Don’t forget to use the internet and GTS (Google That Stuff)
Go Visit Your Agencies!

- Get out and see agency offices and facilities
- You can only learn so much from looking at documents
Before You Even Start...

- Establish positive working relationships
  - Agencies
  - Governor’s Budget Office
  - Other legislative staff
  - Staff in other states
  - NCSL staff

- Learn how your office does things
  - What will the final staff product(s) look like?
  - Are there standard formats or information that must always be provided?
  - Is process different during years of economic downturn?

- Are there questions you are always expected to know the answers to?
Items to Consider in Analyzing the Request

- You are looking at their priorities – not the legislatures
- Agencies tend to think about their needs regardless of the state fisc.
- Not always fully developed proposals.
- Not all states have access to agency data.
- Consider the timing of requests – sometimes based on the best estimates at the time.
First Steps

You have a lot of info to review. Focus efforts based on your research and general analysis

- You don’t have time to do deep analysis on all items in request
- Try to find trends and big issues members need to know about (put yourself in their shoes)

General Analysis

- Comparisons
  - Prior Year Actuals, Existing Operating Budget, and Request
  - Compare Request to Actuals across years
  - Means of finance across years - look for trends (watch for means of finance swaps)
- Identify new and expanded programs (new $ and/or staff)
  - Recurring revenue source? Are costs expected to increase?
  - Any new legislation or court mandates?
Data Gathering

- Try and focus when gathering data
- Get as much electronically as you can

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GET ALL THE INFORMATION YOU CAN, WE'LL THINK OF A USE FOR IT LATER.
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Example

Example: The Louisiana Department of Children and Family Services (DCFS) is responsible for maintaining connections with the communities throughout the state. This creates a need for a massive fleet of vehicles. DCFS is requesting funding to replace their fleet of vehicles to avoid the cost of aged vehicles breaking down, potentially with children currently in state custody.

- You will be meeting with the chair in three days.
- **Audience:** Write down a few things you would most want to learn prior to that meeting.
Key Questions Budget Analysts Should Ask

- What is the problem the request is ultimately trying to solve?
- What are the consequences of the current situation?
- How well will the budget request solve the problem (or improve the situation)?
- What other solutions might be available?

Note: Quality budget work is grounded by an understanding of the program and the subject area.
What Is The Problem Being Addressed? What are the consequences of the current situation?

- What do we know about the situation? (Why, when, how, etc.)
- Focus on the bad thing that is happening.
  - Look at backlogs.
  - What is the backlog causing or preventing?
- Agencies often assume you already know about the problem and often skip right to their solution.
- Look at cost to benefit ratios.
- Some requests may be mandated by statute.
“Wants” vs “Needs”

In economic downturns, states often have limited resources to fund agencies.

What does the agency need in order to perform their mission?

Use your judgement to determine what a true need is.
How well will the budget request solve the problem (or improve the situation)?

- Check the math. Is it accurate?
- Are the timelines and cost assumptions reasonable? Have costs been left out (or extra costs added in)?
- Are revenue projections complete and realistic?
- Will it technically work? (Is there space to house the staff? Are qualified staff available in the market? Can that many staff be hired/trained that quickly? Is there enough equipment? Will it meet legal requirements, etc.)
- Look at unrealistic assumptions regarding self-generated revenues.
- Watch out for empty authority – particularly federal funds.
Who Cares And Why?

- The best analysis takes place when an issue is examined from different perspectives.

- Knowing that someone supports or opposes a proposal is helpful. Knowing why they do so is much more valuable.

- Take a look at media. They offer a glimpse into the minds of the people of your states and your legislators. However, be aware media may be inaccurate or bias - stay objective.

- It is important (in most organizations) to not “carry the water” for advocates.
Obtaining Information From the Executive Branch

- Ask structured questions (often in writing). Then, evaluate their answers! Email is great documentation.

- If they care enough to make the request, they should care enough to answer questions.

- Reluctance versus competence.

- Develop your own data analysis capability.
  - Get request data electronically if possible

- Meet with your manager as issues arise.
Audience: Obtaining Information From Agencies & The Executive Branch

Analysts:
- Show hands: How many regularly have challenges in this area?
- What techniques have you found to be especially effective?
- Does anyone have statutory authority in this area?

Managers:
- Have you had particular challenges getting data? If so, how did you address those challenges?
Wrapping Up: What Are Some Best Practices We Wanted To Share?

- Whenever possible, establish positive and collegial, working relationships with others.

- Spend your time in a thoughtful manner: Nobody has time to do a deep drill on everything. Target selection matters.

- Try and ferret out the ultimate problem(s) that is (are) being addressed.

- When appropriate, use available research that is already out there to help identify/evaluate potential alternatives. (One example is WSIPP lists).

- Spend time focusing on how you will present the information to legislators.

- **Audience Discussion:** Any other best practices you would like to share?
And, of Course, Remember These Questions

- What is the problem the request is ultimately trying to solve?

- What are the consequences of the current situation?

- How well will the budget request solve the problem (or improve the situation)?

- What other solutions might be available?

- Is one of the alternative solutions better (however “better” is defined)?

- Who cares (and why)?
Budget Request Practices in Other States

- With a show of hands, is the focus during the legislative process on the budget request or the governor’s budget?

- How many states present the budget request information to the legislature?

- How many states break out budget requests into discretionary and non-discretionary funds?

- With a show of hands, how many states out there are projected to have budget shortfalls next fiscal year?

- Any suggestions or areas that have not been discussed?