

Agency Budget Requests:

Key Questions and Things to Consider

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Chas Nichols - House Fiscal Division, Louisiana
Kirk Fulford - Legislative Services Agency, Alabama



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?

Photo: Louisiana state capitol building located in Baton Rouge



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?
- Are processes different during years of economic downturn?

Are there questions you are always expected to know the answers to?

Where Can I Learn About Agency Budgets and Operations (Who, What, Why, How)?

Written materials

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

Longitudinal data

- Historical spending and revenue data
- Historical workload and outcome measures

Other

- Studies, audits, task forces, reports, etc.
- Conversations with others (agencies, advocates, legislative staff, Governor's staff, etc.)
- Agency tours and meetings
- What are other states doing?
 - Don't forget to ask around or watch prior recordings of agency testimony

Visit Your Agencies!

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

Items to Consider in Analyzing the Request

- You are looking at *their* priorities - not the legislature's
- Agencies tend to think about their needs regardless of the state fiscal conditions
- 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.

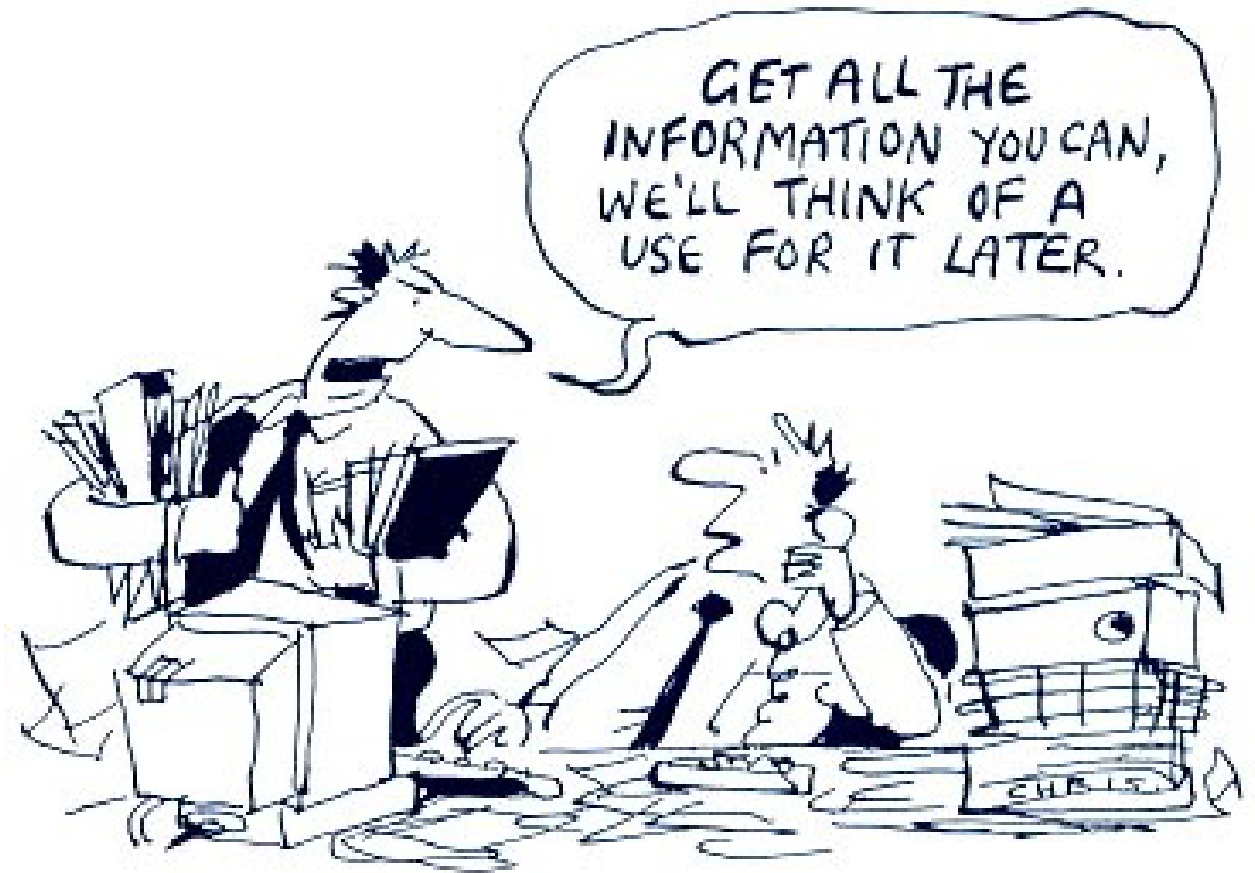
- Focus efforts based on your research and general analysis.
- You don't have time to do deep analysis on all items in request
- Try to find trends and big issues members need to know about (put yourself in their shoes)

General Analysis

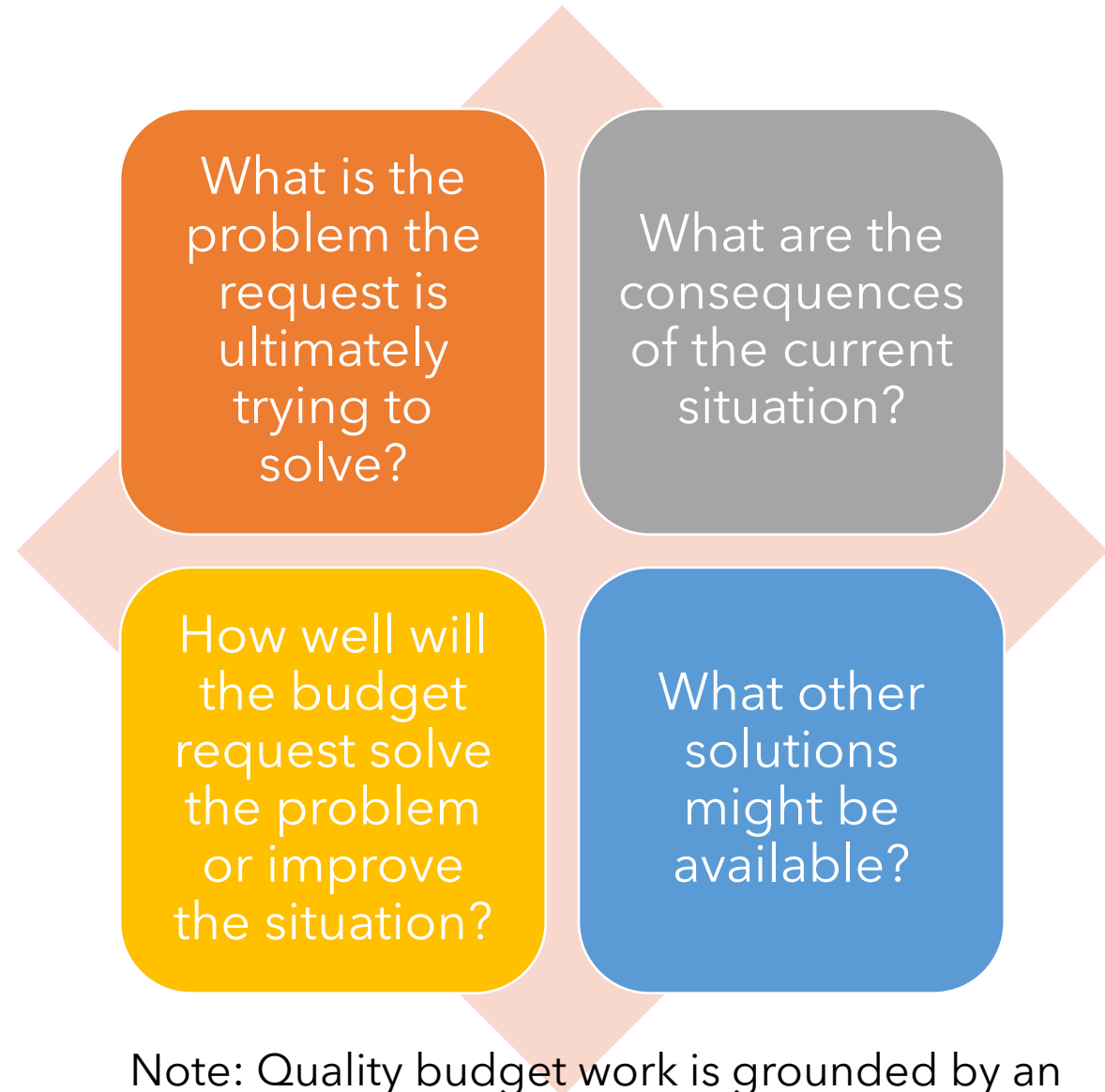
- Comparisons
 - Prior year actuals, existing operating budget, and request
 - Compare request to actuals across years
 - Means of finance across years - look for trends (watch for means of finance swaps)
- Identify new and expanded programs (new \$ and/or staff)
 - Recurring revenue source? Are costs expected to increase?
 - Any new legislation or court mandates?

Data Gathering

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



Key Questions Budget Analysts Should Ask



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 skip right to their solution



Look at cost-to-benefit ratios



Some requests may be mandated by statute or settlement

“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 judgment to determine what is a true need and what is a want and prioritize accordingly

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?
- 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 is much more valuable



Look at the media. They offer a glimpse into the minds of the people of your states and legislators. However, be aware media may be inaccurate or biased - 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 and 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 (show hands)
 - Have you had challenges in getting data? If so, how did you address those challenges?

Wrapping Up: What are Some Best Practices We Wanted to Share?

- Whenever possible, establish 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 already out there to help identify/evaluate potential alternatives
- Spend time focusing on how you will present the information to the legislators
- **Audience discussion:** Any other best practices you would like to share?

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 alternatives solutions better?

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?

Budget Request Examples

How to prepare for the meeting

Example 1

The Alabama Forestry Commission coordinates and administers the enhancement of Alabama's forests through landowner assistance programs, urban forestry, reforestation, forestry assistance programs, and by assisting in training and acquiring equipment for volunteer fire departments in the state. The Forestry Commission has a fleet of vehicles and heavy equipment for that purpose. The Commission is requesting funding to replace their fleet of vehicles to avoid the cost of aged vehicles breaking down, potentially during emergency forest fires.

- 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.

Example 2

The Louisiana Department of Children and Family Services (DCFS) administers state's SNAP program, oversees TANF assistance funding, and oversees the state's child welfare and foster care system. To assist them in streamlining the information they collect on families, DCFS partnered with a private contractor to build a comprehensive child welfare tracking system in 2016. The building of this project was originally anticipated to cost about \$30 million to build and be done by 2018. Going into this budget cycle, you see a request in the agency's budget for additional funding to complete the build out of this system, now delayed by several years.

- You will be meeting with the chair next week to discuss this request for extended funding.
- **Audience:** What are a few things you'd like to learn prior to the meeting?

Example 3

The Louisiana Bureau of Health Services Financing oversees all Medicaid administration and payments in Louisiana. The federal government has provided an enhanced federal match for services provided, although it's unclear when this enhancement will be reduced. The Bureau has requested the full amount of this enhanced funding through the next state fiscal year in their proposal, despite there being no clear indication that the enhancement will be there.

- You will be meeting with the agency in three days to discuss their request prior to presenting to your members.
- **Audience:** What are some questions you'd like to ask the agency to better help you understand their request? What are some useful pieces of information that may help you convey this information to members?

Example 4

The Alabama Department of Forensic Sciences runs crime labs throughout the state that perform lab analysis to assist in crime solving. The Department has requested funding from Alabama's surplus to build a new building in the southwest corner of the state to help alleviate backlogs in surrounding labs.

- **Audience:** Given the nature of the funding, are there any other items you can think of that need to be taken into consideration in this request?

Example 5

The federal American Rescue Plan Act (ARPA) provided billions of dollars to state and local governments to help address various aspects of government during the COVID-19 pandemic. One condition of receiving this funding is that it must be spent by 2026. Your state has decided to utilize this funding to fund the opening and maintenance of a new correctional facility to address overcrowding in existing facilities and establish a new facility designated for violent offenders.

- You will be meeting with the chair in three days.
- **Audience:** What would you like to learn before your meeting? What information would you like to convey?

Example 6

The Alabama Law Enforcement Agency (ALEA) provides law enforcement protection, safety, and security to citizens on land and water through the utilization of comprehensive state law enforcement and investigative operations. To assist local law enforcement through the distribution and analysis of criminal intelligence and information sharing. ALEA is requesting funding to hire an additional 50 troopers in the next budget cycle. The request includes funding for personnel costs and benefits, new vehicles, new supplies, and new equipment for each new trooper hired.

- You will be meeting with the chair in three days.
- **Audience:** What would you like to learn before your meeting? What information would you like to convey?

Example 7

The Alabama Legislature provided funding to the Department of Corrections for a corrections officer bonus retention program. The current program is due to expire at the end of the calendar year. The program has been active within the department for approximately two and a half years. The department is requesting additional funding to extend the program.

- You will be meeting with the chair in three days.
- **Audience:** What would you like to learn before your meeting?
What information would you like to convey?