

# **AGENCY BUDGET REQUESTS:**

## **Key Questions and Things to Consider**

**2023 NCSL Fiscal Analyst Pre-Conference  
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Photo: Alabama State Capitol building located in Montgomery

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# **BEFORE YOU EVEN START...**

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## **How will you use the budget request?**

- Develop budget
- Gather data for analysis



Photo: Minnesota State Capitol building located in Saint Paul

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# BEFORE YOU EVEN START...

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## 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?



Establish positive  
working  
relationships

Agencies  
Governor's Budget  
Office  
Other legislative  
staff  
Staff in other states  
NCSL staff

**BEFORE YOU  
EVEN  
START...**



Learn how your  
office does things

How should the final  
product(s) look?  
What standard formats  
or information must  
always be provided?  
Are processes different  
during years of  
economic downturn?



Understand your  
budgeting process, but  
don't ignore your policy  
process



# 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
- 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
  - May be required to think differently during periods of economic downturns
- Not always fully developed proposals
  - Request may require supporting legislation to be enacted
  - Request could be contingent upon a change in federal rules or other provisions
- Consider the timing of requests—sometimes based on the best estimates at the time
  - Budget requests are often submitted months in advance of budget sessions

# FIRST STEPS

## Review Information

- 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)

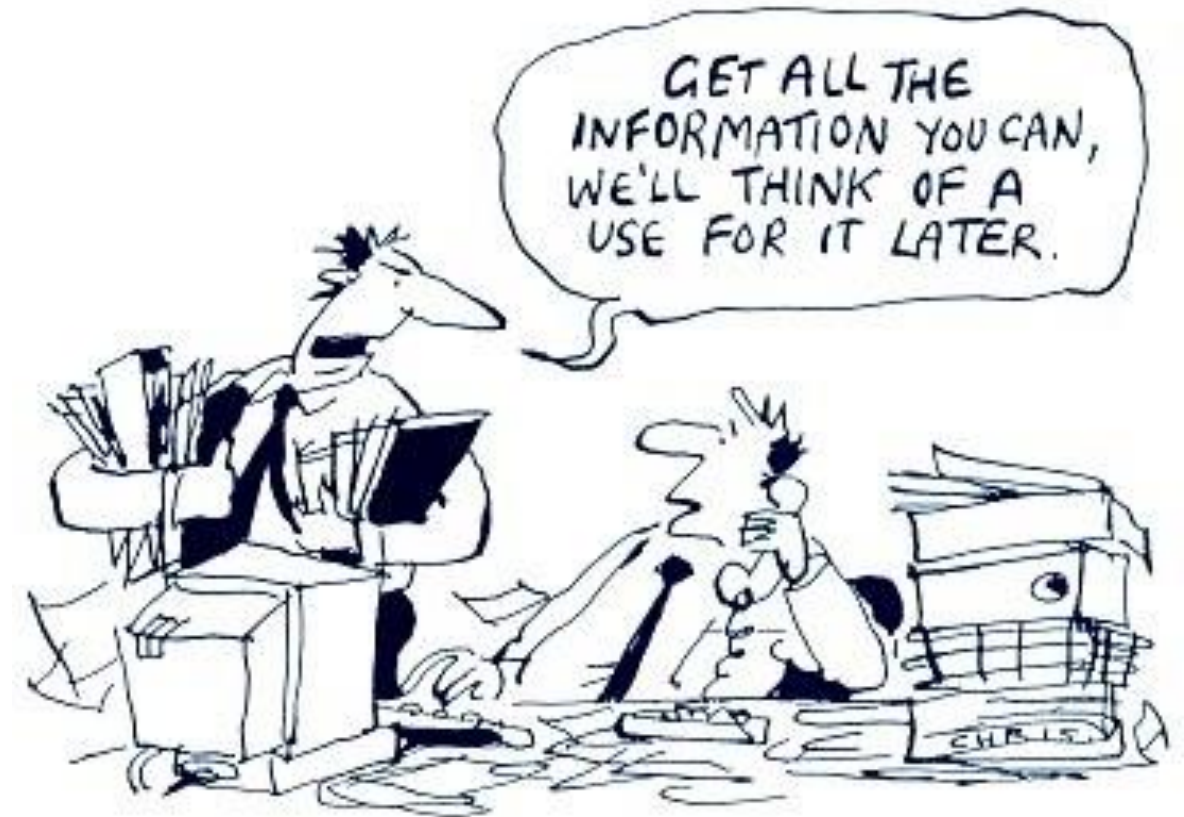
## General Analysis

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

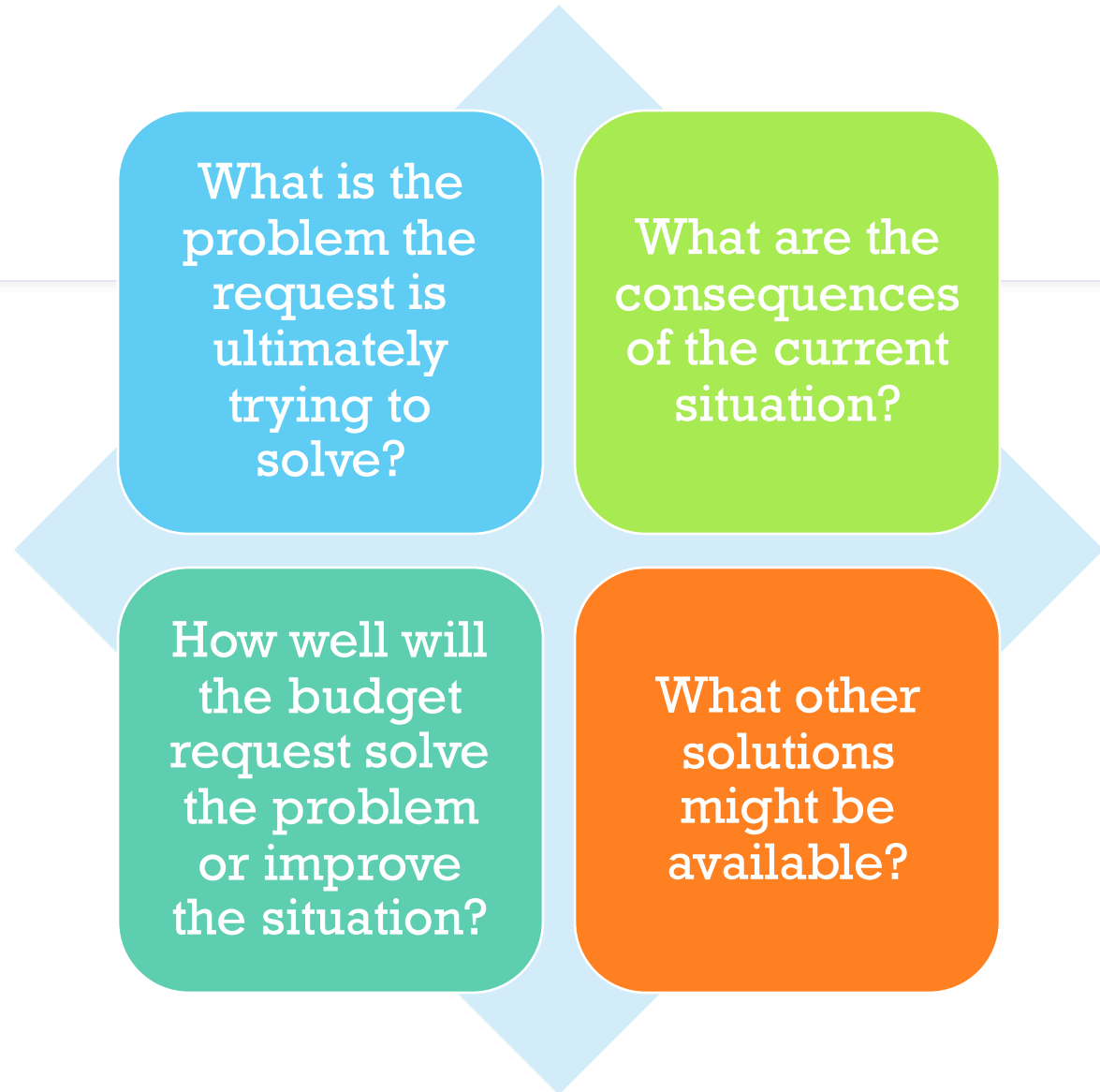


# DATA GATHERING AND OTHER PROCESSES

- Try to focus on what you really need when gathering data
- Get as much electronically as you can and convert to electronic record, if possible
- Keep data organized in a manner that makes it easily accessible
- Create processes for yourself to minimize high-level thinking at the end of the session
- Know how to unwind or repeal a temporary program



**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 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 but 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
  - Don't be a pest!
- 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?
  - 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?



Q&A