

EVALUATING AGENCY BUDGET REQUESTS WORKSHOP

**2023 NCSL Fiscal Analyst Seminar
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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 EXAMPLES

Preparing for the meeting

EXAMPLE 1

The Minnesota legislature is considering legislation to provide breakfast and lunch to at no cost to every student regardless of family income – a significant expansion from the income tested eligibility system. Under current law, Minnesota also has a compensatory education formula which is calculated based on free and reduced lunch counts as a measurement of income. The compensatory formula provides schools with additional operating resources based on the concentration of free and reduced lunch counts.

- The free meals bill has a lot of support in the legislature and is moving to the floor, but a legislator who lives in a lower income senate district calls you into her office and asks how the legislation will affect compensatory revenue education revenue.
- **Audience:** What is the first thing you say? What kind of effect can you identify on the spot? What do you think causes that effect? What do you need to know to establish how the new legislation will affect compensatory revenue? When the chair asks you what she should do to fix the problem, what options should you consider?

EXAMPLE 2

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?

EXAMPLE 3

Before projecting a surplus in Minnesota's general fund based on its budget forecast, statutes mandate that the 33 percent of a projected surplus be first allocated to the state's budget reserve (rainy day fund) until the reserve reaches a specified percentage of the state's projected nondedicated general fund revenue. The specified percentage is calculated based on a tax base volatility analysis by Minnesota's Department of Management and Budget. The analysis is released two months prior to the budget forecast.

- Two weeks before the forecast is released, your Finance Chair asks you to a meeting to explain how the statutory requirement will affect the general fund and budget reserve estimates in the forecast.
- **Audience:** What would you like to learn before your meeting? What do you need to know to explain what to expect in the forecast? What information would you like to convey? In the absence of full information, what caveats do you need to give the Finance Chair?

EXAMPLE 4

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 5

The Texas Facilities Commission (TFC) maintains state-owned facilities in a consistent manner that provides a safe, clean, and functional environment to state employees, contractors, and the citizens that work in and visit these facilities. Based on periodic evaluation, facilities that fall below this objective based on industry standards, are targeted for appropriate disposition. Through this process TFC identified three facilities across the state ranging in age from 80 to 100 years and were determined to be obsolete in their form and function as administrative State office buildings. Beyond the calculated costs for replacing and modernizing building systems, costly challenges would be encountered in providing accessible restrooms, code compliant vertical circulation, efficient floor plate proportions, security, and accessible site access. To address this, TFC requested \$365.0 million in funding for the disposition and replacement of these facilities as well as FTEs to support project management, financial oversight, and contract oversight.

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

EXAMPLE 6

The Texas Parks and Wildlife Department is responsible for managing and conserving the natural and cultural resources of Texas and to provide hunting, fishing, and outdoor recreation opportunities. The agency is requesting \$32.1 million to complete the construction and backlogged repairs at the Texas Game Warden Training Center, the agency's headquarters and regional law enforcement offices, wildlife management areas, and fish hatcheries.

- You will be meeting the agency to learn more about their request.
- **Audience:** What questions for the agency would you prepare in advance of the meeting?

EXAMPLE 7

Some members of the Indiana General Assembly are considering expanding access to the Choice Scholarship Program, which allows K-12 students to attend participating nonpublic K-12 schools (private schools) for free or at a reduced cost depending on the family's income. Students who have family incomes between 300% and 400% of the maximum income that qualifies for the Federal Free or Reduced-Price Lunch Program would become newly eligible for the Choice Scholarship Program under the proposed expansion. Students who transfer from public schools to a nonpublic school on a Choice Scholarship will reduce the cost to the state, as the Choice Scholarship amount is capped at a lower amount than what public K-12 schools receive from the state for each student. There are also some students who currently attend nonpublic schools without a Choice Scholarship but would become newly eligible for the Choice Scholarship under the expansion, which would increase the cost to the state.

- The members who are interested in the proposal would like for you to provide a report on what the net cost of the expansion will be to the state and how it will impact state funding to public schools.
- Audience: What additional information, if any, will you need from the members before you can complete the report? What are some of the factors that might impact your analysis?

EXAMPLE 8

In Fiscal Year 2024, the Delaware Legislature legalized marijuana. It provided start-up appropriations and FTEs to support necessary enforcement/oversight efforts and licensing by creating the Office of Marijuana Commissioner (appropriations were made based on fiscal note estimates). The office is just getting fully staffed, and licensing will be issued in the next calendar year, but no revenues have been collected yet. The office is already requesting additional General Funds and staff to support licensing efforts, above and beyond initial fiscal note calculations.

- 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 9

The Delaware Department of Health and Social Services hired a consultant and conducted studies four years ago to begin updating and standardizing its Medicaid service reimbursement rate methodologies. However, due to budget shortfalls and the pandemic, rate increases never occurred. In response to the healthcare advocate groups frustrated by the lack of rate increases and long-term strategy, the Delaware General Assembly has begun to mandate certain increases to specific reimbursement categories. The Department is requesting funding to hire a consultant to begin the rate methodology study/review process all over again.

- 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 10

The Delaware Department of Education has implemented a teacher mentor stipend program to meet the needs of novice teachers and increase retention. The program has been somewhat successful, but the Department wants to increase participation rates and is asking to double the stipend amount, which will require additional General Funds.

- 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 11

The Board of State and Community Corrections, the California Highway Patrol, the Department of Justice, and the Governor's Office of Business and Economic Development request \$127 million General Fund in 2022-23 and annually through 2024-25, \$10.9 million in 2025-26, and \$15.5 million in 2026-27 and ongoing for various initiatives to combat organized retail theft – an issue that has been in many headlines recently.

➤ **Audience Discussion Regarding Request:**

- State vs. Local responsibilities. Local law enforcement chiefly responsible for theft issues. California Highway Patrol is primarily just highway patrol.
- How to judge success of spending, outcomes reporting.
- How to prioritize grants to small businesses victimized by retail theft.
- Spending proposal resulted from a Governor's quick response to negative headlines. How should the Legislature react?

EXAMPLE 12

The Iowa Department of Natural Resources received a budget increase of \$350,000 in the previous fiscal year for a required one-time State match to access federal funding. Going into the next fiscal year, the Department is requesting a status quo budget compared to the previous year.

You will be meeting with the Department to review their Department Requests for your budget document write up for your Appropriations Subcommittee.

➤ What questions should you ask the Department?

EXAMPLE 13

The Iowa Department of Health and Human Services is one of many agencies across the State that utilize the centralized personnel services administered by the Department of Administrative Services. The Department of Health and Human Services is requesting increased funding as a result of increased billings to State agencies for the use of the statewide personnel services.

You will be meeting with the Chair of your Appropriations Subcommittee.

- What are a few things you would like to learn prior to that meeting?



Q&A