



## LEGISLATIVE BUDGET BOARD

# Budgeting Format: Texas and Other States

PRESENTED TO THE SENATE FINANCE COMMITTEE

LEGISLATIVE BUDGET BOARD STAFF

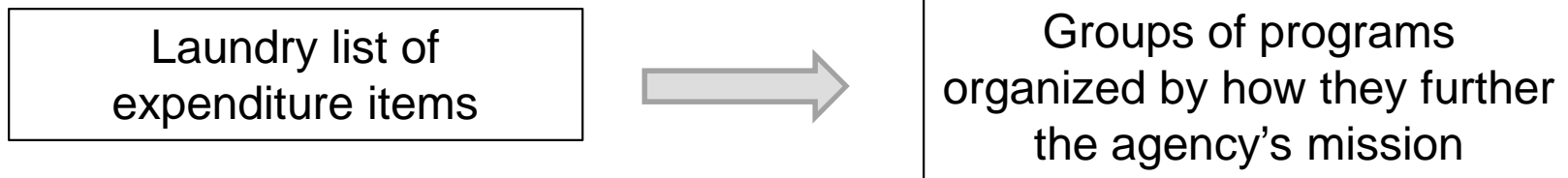
MARCH 30, 2016

# Texas Budgeting Format

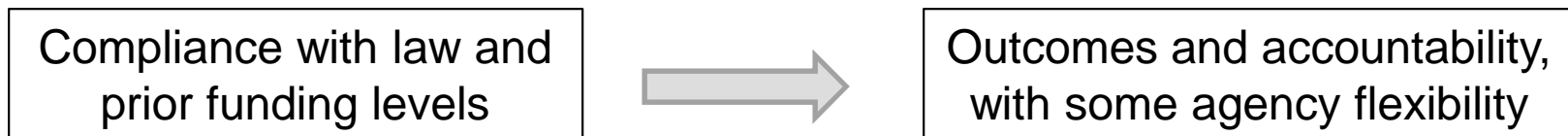
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- Current budgeting format began in 1991 (HB 2009, 72<sup>nd</sup> Lege), as part of a **statewide strategic planning** and **performance-based budgeting** initiative
- Prior to this time, agency bill patterns were a mix of level of detail: some were at the agency division / high-level program level, others were itemized specific expenditures (e.g. utilities)

**Goal:** To change agency bill patterns from:



In order to refocus budget decisions from:



# Budgeting Format, 1990-91 GAA

## Texas Parks and Wildlife Department

	For the Years Ending	
	August 31, 1990	August 31, 1991
1. Executive		
a. Executive Office	713,911	713,911
b. Aircraft Operations	237,814	237,982
		& U.B.
Total, Executive	<u>\$ 951,725</u>	<u>\$ 951,893</u>
2. Administrative Services	\$ 12,061,599	\$ 11,985,954
3. Enforcement	25,972,553	26,328,174
4. Wildlife		
a. Research and Management	7,313,458	7,345,558
b. Payment in Lieu of Taxes	350,000	350,000
c. Mule Deer Relocation Project	250,000	U.B.
d. Elk Habitat Project	175,000	U.B.
Total, Wildlife	<u>\$ 8,088,458</u>	<u>\$ 7,695,558</u>
12. Coastal Beach Services	<u>680,000</u>	<u>680,000</u>
GRAND TOTAL, PARKS AND WILDLIFE DEPARTMENT	<u>\$ 102,309,257</u> =====	<u>\$ 103,043,894</u> =====

# Budgeting Format, 2016-17 GAA

## Texas Parks and Wildlife Department

### A. Goal: CONSERVE NATURAL RESOURCES

Conserve Fish, Wildlife, and Natural Resources.

<b>A.1.1. Strategy:</b> WILDLIFE CONSERVATION Wildlife Conservation, Habitat Management, and Research.	\$	22,516,720	\$	22,502,913
<b>A.1.2. Strategy:</b> TECHNICAL GUIDANCE Technical Guidance to Private Landowners and the General Public.	\$	2,577,236	\$	2,577,236
<b>A.1.3. Strategy:</b> HUNTING AND WILDLIFE RECREATION Enhanced Hunting and Wildlife-related Recreational Opportunities.	\$	2,636,717	\$	2,636,717
<b>A.2.1. Strategy:</b> INLAND FISHERIES MANAGEMENT Inland Fisheries Management, Habitat Conservation, and Research.	\$	13,771,729	\$	13,504,729
<b>A.2.2. Strategy:</b> INLAND HATCHERIES OPERATIONS	\$	5,564,733	\$	5,715,733
<b>A.2.3. Strategy:</b> COASTAL FISHERIES MANAGEMENT Coastal Fisheries Management, Habitat Conservation and Research.	\$	12,038,252	\$	11,647,631
<b>A.2.4. Strategy:</b> COASTAL HATCHERIES OPERATIONS	\$	<u>3,028,560</u>	\$	<u>3,028,560</u>
<b>Total, Goal A:</b> CONSERVE NATURAL RESOURCES	\$	<u>62,133,947</u>	\$	<u>61,613,519</u>

### Outcome (Results/Impact):

Percent of Total Land Acreage in Texas Managed to Enhance Wildlife through TPWD Approved Wildlife Management Plans

18.84%

19.44%

# Budgeting Format, Transparency

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- Although strategies may contain more than a single program, the format often provides as much program detail, if not more, than prior structure
- **TPWD:** 1990-91 GAA - **12** funding items; 2016-17 GAA - **26** strategies
- **Other budget information provided:** beyond goals and strategies (and descriptions) and related performance measures and targets, current format provides:
  - Methods of finance, grouped by type (General Revenue, GR-D, Federal, and Other Funds)
  - Appropriations as a percentage of total funds available to agency
  - Number of full-time equivalents
  - Exempt positions and salary caps
  - Object of Expense listing (salaries, utilities, travel, etc.)
  - Estimated costs for employee benefits and debt service
  - Capital budget projects and methods of finance

# Budget Format, Transparency

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## **62% of strategies in the 2016-17 GAA are single programs**

- For strategies containing 2 or more programs, it's a balance between conciseness and detail in the GAA. Other large programs, like Medicaid, are disaggregated across several strategies to provide more detail.

**To facilitate budget decisions and increase transparency, LBB produced supplemental budget documents for the 84th Legislature, including:**

- State Budget by Program (SBP)
- Program tables in Summary of Recommendations
- Strategic Fiscal Review
- Other ad hoc reports based on specific agency policy and budget issues



# Budget Format, Transparency

## State Budget by Program

- Online application provides all programs by strategy for every state agency
- **Program detail report:** description, statutory basis, and methods of finance for each program
- **Program by strategy report:** includes biennial totals for current and prior biennia, with dollar and percentage difference columns
- Users may filter by article or agency, search by keyword, and export data
- Available for budget bills as introduced & for final, printed version of GAA
- **TPWD:** 27 programs

Article / Agency / Strategy / PROGRAM	Expended 2014	Budgeted 2015	Biennial Total 2014-15	Appropriated 2016	Appropriated 2017	Biennial Total 2016-17	Biennial Difference	
							\$	%
<b>NATURAL RESOURCES</b>								
<i>12-Parks and Wildlife Department</i>								
<b><u>B.1.1 - STATE PARK OPERATIONS</u></b>								
STATE PARK OPERATIONS	\$70,410,979	\$67,203,760	\$137,614,739	\$67,457,255	\$71,666,408	\$139,123,663	\$1,508,924	1.1%
STATE PARKS VISITOR SERVICES AND PUBLIC SAFETY	\$5,357,400	\$6,259,085	\$11,616,485	\$8,207,211	\$6,787,371	\$14,994,582	\$3,378,097	29.1%
Strategy Total, STATE PARK OPERATIONS:	\$75,768,379	\$73,462,845	\$149,231,224	\$75,664,466	\$78,453,779	\$154,118,245	\$4,887,021	3.3%
<b><u>B.1.2 - PARKS MINOR REPAIR PROGRAM</u></b>								
PARKS MINOR REPAIR PROGRAM	\$4,494,477	\$3,714,414	\$8,208,891	\$4,945,315	\$4,945,315	\$9,890,630	\$1,681,739	20.5%
Strategy Total, PARKS MINOR REPAIR PROGRAM:	\$4,494,477	\$3,714,414	\$8,208,891	\$4,945,315	\$4,945,315	\$9,890,630	\$1,681,739	20.5%

# Budget Format, Transparency

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## **Summary of Recommendations** (budget bills as introduced)

- Summaries for selected agencies include additional program, revenue or expenditure detail
- **TPWD** – Summary included additional tables showing:
  - State Park expenditures from 2000-01 biennium to 2016-17 proposed appropriations
  - Sporting Goods Sales Tax allocations across program area

## **Strategic Fiscal Review for 84<sup>th</sup> Session**

- 17 state agencies underwent in-depth program-by-program analysis
- A subset of key and high-profile programs were profiled in separate program summaries, which included evaluation components and analysis of possible funding alternatives



# Budgeting Formats, Other States

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**State budgeting formats** – tremendous variation across states in:

- Unit of appropriation (object of expense, agency division, program, strategy)
- Level of detail on programs, methods of finance, objects of expense, full-time equivalent positions, and capital projects
- Inclusion of outcome targets or other performance elements

**Texas one of 3 states to include performance measures in budget bill**

- 33 other states reference performance measures in supporting budget documents (usually executive budgets or legislative budget summaries)
- 16 other states note that strategic planning is part of their budget process (source: NASBO)

# Budgeting Formats, Other States

- **Most states' budgets roll up programs to a high level (generally less detail than Texas' structure)**, which likely also strongly reflects agency organizational structure
- A minority of states appropriate as agency lump-sum (with rider direction), by agency division, or by object of expense
- Texas' goal and strategy-based structure is rare, although several states have program/sub-program structures that resemble it

	<b>Budget Format Examples (See Supplemental Packet)</b>	<b>State</b>
1	Agency Division / Item of Expenditure	<b>Illinois</b>
2	High-level Program (No OOE)	<b>Alabama</b>
3	High-level Program (OOE detail, MOF columns)	<b>South Dakota</b>
4	High-level Program (MOF detail, OOE columns)	<b>Idaho</b>
5	Specific Program List (by MOF, no OOE)	<b>Ohio</b>
6	Program with description, with Performance Measures	<b>New Mexico</b>
7	OOE and Program Hybrid, with Incremental Detail	<b>North Dakota</b>
8	Strategy, Agency MOF & OOE, with Performance Measures	<b>Texas</b>

# Budgeting Formats, Other States

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## Conclusions on Budget Formats and Transparency

- **A “good” state budget format is in the eye of the beholder**
  - A state budget bill is tailored to the organization, interests, traditions and legislative budget process of its particular state
  - What is an insufficient level of detail for one purpose may be an overwhelming amount of information – an amount that inhibits rather than fosters understanding – for another
- **Appropriations bills serve a variety of different purposes**
  - Budget bills are a compromise between being (1) a budget structure for state agencies and the Comptroller, (2) a readable, useable source of budget information, and (3) a record of public law.
- **Supplemental budget documents play a key role in facilitating legislative decisions and in providing transparency**
  - LBB’s role is to provide bill summaries, decision documents, budget overviews (Fiscal Size-up, primers) and tools (State Budget by Program), and myriad other analysis

# Identifying / Realizing Budget Savings

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## Savings Incentive Program for State Agencies

- Added by 78<sup>th</sup> Legislature (2003) - Gov't Code, CH. 2108
- An agency identifying unspent (non-dedicated) General Revenue to the Comptroller may retain **25%** of the savings, **not to exceed 1%** of the agency's GR appropriation
- Not utilized by state agencies
- **Senate Bill 677 (Creighton/Bettencourt) – 84<sup>th</sup> Session:** Lifted 1% limit, directed 50% of savings to be used to pay down GO bond debt or, if no outstanding debt, may be used for non-executive employee bonuses
  - Passed to engrossment

## Other mechanisms to identify savings

- Budget monitoring, including identification of one-time appropriations
- LAR Schedule – 10% Reduction Options Schedule
- LBB GEER report – Program evaluations that may recommend operational changes and potential budget savings
- Strategic Fiscal Review (84<sup>th</sup> Session) – Selected agency program analysis with consideration of funding alternatives
- Supplemental appropriations bill – Review of agency unexpended balance carry-forwards and prior year lapses may identify funds to be swept



## LEGISLATIVE BUDGET BOARD

### **Contact the LBB**

Legislative Budget Board

[www.lbb.state.tx.us](http://www.lbb.state.tx.us)

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