

REVISING UTAH'S BUDGET RECOMMENDATION PROCESS
Governor's Office of Management and Budget

OBJECTIVE: To ensure the Governor's proposed budget allows agencies to meet the state's critical needs by first leveraging existing base budgets and maximizing existing capacity; and second, by ensuring requests for additional resources meet a rigorous set of standards that demonstrate how an investment of taxpayer dollars would measurably improve services.

CHALLENGES AND BENEFITS OF THE CURRENT BUDGET PROCESS

Challenges

The traditional process whereby the Governor's Office asks agencies to submit requests for increased funding includes some unintended and negative outcomes. This is not surprising as the process focus is on new funding—not solutions. Current practice requires agencies to submit requests for additional revenue before identifying how needs could be addressed with internal capacity. The lack of a formal process to refocus this approach is sometimes compounded by agencies either not looking to or fully understanding existing operational or base budget capacity as an option for meeting needs internally. As a result, internal capacity is either overlooked or unknown. Untapped capacity leaves reserves on the table and puts an even greater demand on limited resources. Other unintended consequences include:

- Limited staff time and attention is spent on preparing and reviewing an inordinate amount of budget requests (373 for 2014 and 323 for 2015 budgets) that are a low priority or could be funded internally within an agency. This can result in the Governor's Office spending 80 percent of time reviewing only 20 percent of the overall budget.
- With significant time reviewing numerous new funding requests, it is difficult for the Governor's Office to gain a full appreciation or understanding of an agency's true priority needs as compared to choopchicks.
- Agencies do not always filter budget requests from advocates and submit requests with the assumption that the Governor's Office will determine the requests' efficacy.
- Agencies sometimes submit requests for more money than actually necessary.
- The current budget rollout sends mixed messages by recognizing agencies that receive new money rather than agencies that resolve problems internally.

Benefits

The current budgeting model offers clear benefits for agencies and the Governor's Office. Primarily, the process ensures that all possible funding needs are elevated and nothing slips through the cracks. The process also provides additional benefits such as:

- Agencies go on record with issues they are facing
- Agencies can promote new initiatives
- Agencies can seek funding to ensure they meet mission and statutory requirements—providing them with an internal buffer

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- Submitting new funding requests can signal to both internal and external stakeholders that a particular issue is important for agency leadership

SOLUTION: A NEW BUDGET APPROACH

In order to minimize the challenges and maintain the benefits of the current budgeting process, the Governor's Office of Management and Budget (GOMB) proposes a new process that ensures the legitimate needs of agencies are met while also ensuring that both existing and potential capacity are maximized. This new approach is different in four significant ways:

1. GOMB will begin the formal budgeting process in late July by developing budget options to fund the Governor's priorities and budget drivers (those elements that comprise nearly 80% of the budget) to include education, debt, capital improvements and development, water infrastructure, transportation, buildings, corrections, compensation, and Medicaid. Putting placeholders in for the "big rocks" will inform decision-making for the remainder of new revenue requests.
2. Prior to submitting requests for additional funding, agencies will be expected to identify ways to fund needs internally through a reallocation of funds or through process improvement.
3. Requests for new revenue will be limited through two approaches. GOMB will formally invite agencies to submit specific requests for new revenue. The basis for formal invitations will occur through dialogue with leadership, base budget reallocation plans, historical submissions, the Governor's priorities, and available resources. Absent a formal invitation from GOMB, agencies will also be able to submit requests for new funding. However, such requests will be required to meet rigorous standards and business case criteria in order to justify the investment of taxpayer dollars into a program or service. A fundamental GOMB guiding principal is that most systems have room for improvement. Funding requests should outline efforts the agency has taken to find hidden capacity and/or plans to do so. The GOMB operational excellence staff and budget and policy analysts will be heavily involved in these decisions.
4. GOMB will work with agencies to implement an evidence-based practice approach for new funding requests focused on improving agency performance through innovation or untested strategies. Evidence-based practice is an approach to the selection, implementation, and evaluation of strategies that are, or can be proven to be, effective over time. Central to this approach is connecting a rigorous evaluation plan to any new funding requests to determine if the investment of new dollars does, in fact, result in the intended outcomes.

Additional minor changes to the budgeting process include:

- Changes in the overall budget recommendation timeline

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- An additional focus and recognition of agencies that solve problems internally during the budget rollout
- Streamlined data entry into Budget Prep
- Reduction in the overall number of budget requests which, hopefully, should free up staff time for both GOMB and the individual agencies
- Better dialogue and discussion up front which should lead to better submissions and decision points downstream
- GOMB will give formal feedback on new funding submissions so agencies better understand why certain decisions were made
- GOMB will continue to support agencies in system improvement—accelerating and expanding capacity by launching a train-the-trainer approach in early Fall 2014

The following timeline outlines key milestones associated with the new budgeting approach:

July	Develop budget options for funding the Governor's priorities and budget drivers
Early August	Open Fee Prep, Comp Prep, and circulate budget calendar and background on new budgeting approach
Late August	Publish white paper on evidence-based practice
August 27	Budget kick-off meeting with Cabinet-level agencies to include the release of detailed budget guidelines
September 1	GOMB to circulate non-lapsing balance data (provided by Division of Finance) to include the historical carry forward as a percentage of appropriation. Information to be provided as a point of reference for agencies to consider as the basis for internally funding new needs
September 3-4	GOMB Utah OPS Conference presentations on evidence-based practice
September 17	Agency Fee Prep submissions completed. Budget Prep opened. Identification of agencies requiring support to develop evaluation plans as part of business case funding requests. As this is a new process, consultation will be available for agencies to provide support and assistance.
September 24	Agencies submit reallocation plans to deal with new needs (plans to be submitted outside of the Budget Prep system). Agency Comp Prep submissions completed.
October 1	GOMB invites incremental budget changes (i.e., former building block requests) and approves the reallocation of funds for inclusion in the Budget Prep system
October 1 - 24	GOMB works with agencies to identify unique needs that require a business case
October 17	Budget Prep system data entry completed (actual, authorized, base, and approved base budget reallocations)
October 24	Business case funding requests due to GOMB
January 2015 Forward	Train-the-trainer sessions on evidence-based practice, focusing on the development of evaluation plans and associated data analysis. Development of formal criteria and process to support on-going development and capacity for evidence-based practice.

Potential Benefits of the New Approach

- GOMB believes the new approach will help minimize some of the undesirable results inherent in the current model while still ensuring that agencies' critical needs are met
- New revenue will be allocated to focus on critical needs rather than funding requests that could be solved internally

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- Right-sizing the time spent on true budget priorities rather than consuming significant resources on lower priority requests should result in better overall decision-making and use of staff resources
- A rigorous review of base budgets and internal capacity should result in the better use of taxpayer dollars
- A focus on what works with evidence-based practice, ensuring taxpayer dollars provide a proven return on investment