

BUDGET REQUEST BASICS

Context for state agency budget requests

Although state revenue collections and employment have rebounded after falling sharply early in the pandemic, we continue to face uncertainty as we enter the 2023-25 biennium. The COVID-19 pandemic has slowed, but we've been here before and don't know what path the virus will take. Current economic conditions and world events also require caution. It is essential that agencies consider the state's long-term fiscal outlook in developing their 2023–25 budget requests. As long as revenue projections remain positive, we encourage agencies to address lingering problems while also striving to reduce costs and finding ways to save resources.

The Governor continues his commitment to focus on equity in the upcoming budget. The budget should lead to equitable outcomes for Washingtonians and improve access for people who have been historically or are currently excluded from services or are disadvantaged. To that end, agencies must analyze the impacts on affected communities and how the budget requests achieve equitable access to opportunities and resources that reduce disparities and improve equitable outcomes statewide.

OFM will work with state agencies to understand their budget needs and priorities throughout this summer and fall. The governor knows he will face challenging fiscal choices among the state's needs and policy priorities and that agencies will be putting forward proposals to address the most essential programs and services.

Rigor and prioritization are key to successful budget proposals

Requests for new funding should be focused on the highest-priority services that deliver significant performance improvements and equitable outcomes for the citizens of Washington. Clearly identify, describe, and justify budget request. Successful requests for the 2023–25 biennium will be thoroughly explained, include detailed budget models and spending plans and well-developed scalable options. Agencies should work with stakeholders, especially vulnerable and marginalized communities, when developing budget requests.

Equity focus

Budget requests, also known as decision packages, must be developed through an equity lens. Agencies must analyze how the requests impact equitable outcomes for Washingtonians, identify impacted communities and explain how the communities are affected.

Results Washington

Strategic framework: focus on equity, results, and strategic plans

Agency budget requests should reflect the Governor's statewide strategic goals articulated through [Results Washington](#) and agency-specific strategic plans through an equity lens.

Decision packages *must* identify the Results Washington statewide goals and outcome measures they address. Packages should clearly articulate how budget requests will achieve implementation of strategies and plans developed by the Results Washington goal councils.

Agency strategic plans

For 2023–25 biennial budget requests, OFM is again requiring agencies to submit strategic plans as part of your budget submittal. Budget DPs should align closely with agency strategic plans, goals, and performance measures.

Compelling budget requests – dos and don'ts

OFM and the Legislature must prepare four-year budget outlooks, and agency budget requests must reflect details for the ensuing four fiscal years. The amounts reflected in the Outlook are the sum of the General Fund State (GF-S), the Education Legacy Trust Account (ELTA), and the Opportunity Pathways Account, the Workforce Education Investment Account (WEIA) and the Fair Start for Kids Account (FSKA). These funds are referred to as the Near General Fund Outlook (NGF-O) funds.

Please:

- Suggest using resources effectively and efficiently.
- Develop scalable options to meet your highest priorities in the most cost-effective manner.
 - » What are other ways to accomplish the same objective?
 - » What can we reprogram to meet our need?
 - » How can we reduce the cost?
- Build and share detailed working fiscal and workload models, and spending plans that drive and back up your proposed spending levels.
- Collaborate with other involved entities and state agencies.
- Focus on equity, inclusion, and performance and outcomes.
 - » What will the DP accomplish?
 - » Who will be served? At what level?
 - » How will we know?
 - » What are our performance targets?
 - » How likely are the targets to be met?

Please do not:

- Request a prior “share” of the budget.
- Request past unfunded inflationary or other cost increases. (If resources are needed, make your strongest case based on articulated need, performance, outcomes, and results.)
- Make budget requests the agency is not well prepared to implement effectively and transparently in the next biennium.
- Request “placeholders”
- Request a new program or initiative without a comprehensive and realistic plan to fund its full implementation in the future.
- Obscure policy-level requests in maintenance level; when in doubt, ask the OFM budget analyst.

The budget in two views

Decision packages are the budget building blocks

Agencies must describe and support each requested incremental change to the current budget with a decision package. Decision packages should be used to make a persuasive case for an agency request. Agency decision packages are summarized in the recommendation summary (RecSum) report.

Major budget categories help to organize the request

The incremental steps in the RecSum are grouped to help OFM and legislative fiscal staff analyze categories of expenditure changes from the current biennium level (See Chapter 5 for more detail).

The categories are:

Carry-forward level (CFL). How much of the budget proposal is the biennialized cost to continue the workload or services already authorized through legislative budget decisions? OFM, in collaboration with the legislative staff and with agency input, determines the CFL and communicates these control amounts to agencies as soon as possible after these instructions are published.

Maintenance level (ML). How much of the budget proposal is for additional mandatory caseload, enrollment, inflation, or other legally unavoidable costs not contemplated in the current budget? ML changes to budgeted, nonappropriated funds are also included in this category.

Policy level (PL). What other expenditure change proposals are contained in the agency request budget? These options represent changes in discretionary workload, the nature and scope of services, or alternative strategies and outcomes.

The activity inventory view of the budget provides another important set of budget building blocks

While the decision packages show the incremental changes to the agency budget, the activity inventory describes what the agency does, including the following:

- What are the activities of the agency?
- What does it cost to perform the activities?
- What are the products and outcomes of each activity?
- How do activities connect to agency strategic plans and the statewide goals and performance targets of Results Washington?

Agencies must prepare and submit an activity view of the budget in addition to the decision packages described in [Chapters 2](#) and [3](#).

An activity is something an organization does to accomplish its goals and objectives. An activity consumes resources and provides a product, service or outcome. One way to define activities is to consider how agency employees describe their jobs to their families and friends. On behalf of the state's citizens, we want to know "What do you do? For whom? Why is it valuable?"

Activity descriptions tend to be better than program descriptions at revealing the nature and purpose of the work performed by state government. The activity view of government plays an important role in budget analysis, prioritization, and decision-making.

The activity inventory describes the major activities of each agency. Each activity description must include the following information:

- A title that describes the nature of the activity (rather than an organizational name).
- A brief description of the activity, its purpose and its intended recipient or beneficiary.
- The expected results of the activity (conveyed as a concise narrative description of outcomes and/or as one or more performance measures).
- Primary statewide goal area to which the activity contributes.
- Secondary statewide goal areas to which the activity contributes.

Resources

- OFM Activity [Guide](#)
- OFM Performance Measure [Guide](#)

How to submit and what are the required elements and format?

Operating budget submittals

All operating budget requests are developed and submitted through the Agency Budget System (ABS). ABS enforces inclusion of all required budget submittal elements specific to each agency. ABS eliminates the need for paper documents and notebook binders. All budget documentation is generated directly by or attached within the ABS system. This data and information is deposited into a [public internet repository](#) , OFM's internal budget systems and legislative internal budgeting systems. No notebooks or supplementary paper documentation will be accepted in lieu of electronic submittal.

Your operating budget submittal is complete with a successful release of ABS data to OFM.

Capital budget submittals

Digital notebooks containing all the elements of your capital budget request is required:

- » Number all pages.
- » Organize the material as detailed in the capital budget [instructions](#).

Your capital budget submittal is complete with a successful release of CBS data and electronic submittal of the capital budget request notebook to OFM.

All 2023-25 budget requests are due to OFM no later than Tuesday, September 20, 2022.

Note: Agencies may not amend their request after initial submittal unless prior authorization is received from OFM. The submittal requirements outlined above apply to all approved revisions or amendments.