

From: Soura, Christian
To: Veldran, Katherine <KatherineVeldran@gov.sc.gov>
Date: 9/10/2013 4:36:11 PM
Subject: RE: Follow Up Questions

No, you mentioned it to me, but this is the first time you sent it to me. We can talk about how to respond to this or how you want to handle the poll request, but a couple of initial thoughts in the meantime...

If biennial budgeting would save any time, it wouldn't really be in the executive agencies - it would be legislative floor time in the "off" years. Agencies don't spend a great deal of time preparing the material that they submit each year to the State Budget Division as part of their annual budget requests. We've made a real effort to capture the required information in a way that's not onerous and burdensome. And for what it's worth, if agencies have to do a little work in order to explain their requests for more taxpayer money, is that a bad thing?

Let's also bear in mind that a lot of the time they do spend isn't to fill in our forms...it's to prepare themselves for legislative subcommittee and committee-level defenses. Certainly you could cut down on that time by going to a biennial budget process, but I'm not sure that's what they're getting at. This gets to an important question, though...when we talk about "the budget," are we talking about basic financial planning and management, or are we talking about the appropriations process? In many respects, they aren't the same thing.

In terms of hours spent on budget development, the overwhelming majority of the time that goes into producing the annual budget wouldn't show up in a cabinet survey because it's mine (and obviously Josh's too). From the point when I start writing budget instructions in July until I finish the book in January, I probably spend somewhere between 1,300 and 1,500 hours working on it. Obviously, I spend a lot more time over the next six months tracking the budget's process, putting together vetoes, etc. (depending on how you want to treat initial budget development vs. budget negotiations, implementation, etc.).

For what it's worth, I think that agencies should be spending time preparing budgets and monitoring their finances - it's an integral part of managing their operations. There's some risk that going to a biennial budget would deprioritize that effort, which arguably puts us at greater risk that agencies would run deficits during the less-scrutinized "off years." If you ran a business, would you only look at your budget every other year in order to maybe save a little staff time?

There are plenty of other arguments both for and against biennial budgeting, but the prospective savings of executive agency staff time would be quite minimal and therefore, not determinative. Finally, bear in mind that much of the time devoted to this work at the agency level is in the central administrative unit...with the agency's fiscal officer, for instance. Even if you gave these folks a couple fewer hours of work to do every other year, their expertise is still going to be in that area instead of in some "front-line" kind of domain. So those staff hours aren't entirely fungible or transferrable to some other use, essentially. (Don Royal wouldn't catch bank robbers.)

Long story short, if there's to be a poll of agencies (and why just cabinet?), then the specific questions and definitions will be very important to the results you get. And realistically, the numbers

that agencies report back will vary wildly and be a little dubious anyway, because that's how agency surveys like this inevitably play out...

CLS

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-----Original Message-----

From: Veldran, Katherine
Sent: Tuesday, September 10, 2013 3:36 PM
To: Soura, Christian
Subject: FW: Follow Up Questions

Please disregard if I've sent this to you before.
Thanks, KV

-----Original Message-----

From: Ben Twilley [mailto:BenTwilley@scsenate.gov]
Sent: Thursday, September 05, 2013 11:39 AM
To: Veldran, Katherine
Subject: RE: Follow Up Questions

One of my caucus members has an interest in biennial budgeting. During our conversation he wondered how much time agencies spent yearly on developing their budgets and following them through the budgeting process. My request is can you poll the cabinet agencies to see how much time and people they have working to develop a budget? We do not need specific dollar amounts, just the percentage of time yearly and how many employees work on an agency's budget yearly.

The idea is, by going to a biennial budget time could be greatly reduced and used to do other things within an agency.

Ben