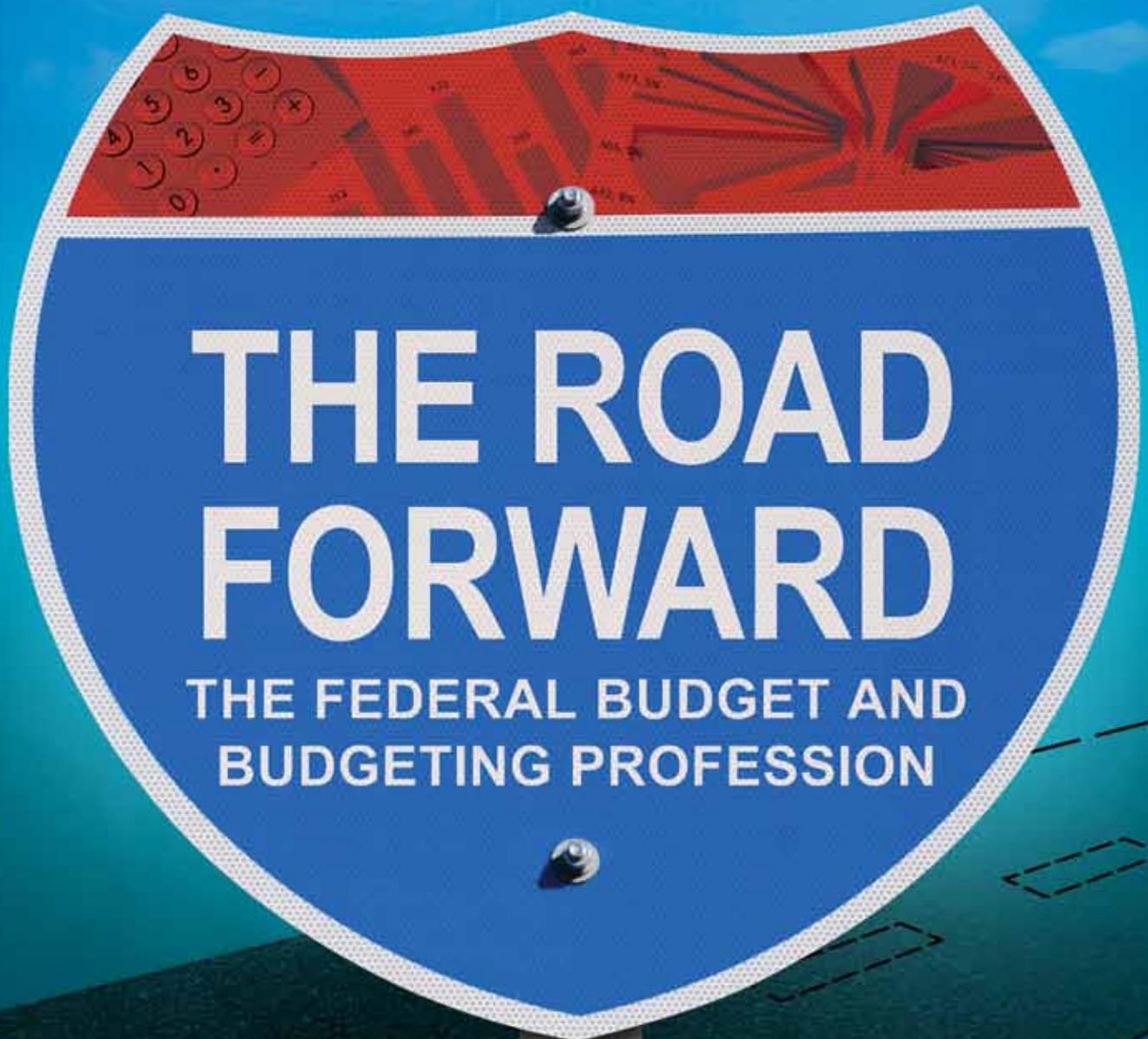


American Association for Budget and Program Analysis

The First Survey of Federal Budget Professionals on the Process,
their Careers and the Opportunities

NOVEMBER 2011



THE ROAD FORWARD

THE FEDERAL BUDGET AND
BUDGETING PROFESSION



About the American Association for Budget and Program Analysis (AABPA)

Founded in 1975, AABPA represents members who are government budget and program managers and analysts, academic specialists and analysts in the private sector. AABPA is committed to helping analysts grow in their careers, improve their skills and expand their network of budget and program professionals. To meet these goals, AABPA organizes symposia, free monthly programs, a quarterly newsletter and journal, and annual receptions to help members keep up with the latest developments in their field, establish and maintain valuable contacts and sharpen the skills and knowledge they need to enhance their careers. For more information, visit www.aabpa.org.



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Executive summary

During the spring and summer of 2011, more than 200 federal budget professionals participated in an online survey of federal budget topics. At a high level, the survey results reveal that, although budgeting may be changing from justifying increases to determining cuts, the same competencies and skills that served budgeteers well in the past are still needed today. The road forward may not be clear, but federal budget professionals are traveling ahead. Here are some highlights of what those budgeteers have to say.

Budget formulation and justification is still Job One

Budgeteers are engaged in many activities, but budget formulation and justification continues to rank as the most important element of the budget process. It involves the most contentious policy issues and engages the most senior budget professionals. It takes more time than all the time needed to execute the budget. It continues to rank as the top competency for budget professionals. Well over half of the federal budget process is concerned with budget formulation and justification.

Integrating budget and performance is difficult

While performance budgeting has been around since the 1950s, the federal government began seriously to use performance information in the budget beginning with implementation of the Government Performance and Results Act (GPRA) in 1993. Since then, there have been many separate initiatives to improve the use of performance information, but the basic incompatibility of budget and performance data makes it very difficult for agencies to integrate and generate useful information for decision-makers.

Budget cutting is tough

Survey respondents clearly identify low-priority activities as the first option for budget cutting, but they also prefer to reduce many activities a little rather than eliminate a few activities. They find compliance with OMB's guidance to cut 5% from their budget requests to be difficult. It may be that the budget professionals know how to get the job done, but their agencies are institutionally incapable of realigning their funding levels to new, lower levels.

Technology search continues

Technology to support the budget process is woefully lacking, even while accounting systems are regularly improving. As a result, spreadsheets remain a budgeteer's best friend, and many analysts use them as their primary budget technology tool. Commercial vendors have not yet produced software with the right combination of effectiveness and price. Perhaps this is because each agency's processes are different. Or perhaps it is because of the incompatibility between budget justifications and quantitative determinations. Whatever the reason, budgeteers lack the tools they need.

Job satisfaction is high

In spite of all the problems with the budget process, the inability of Congress to pass appropriations on time and the ongoing economic crisis, federal budget professionals are surprisingly satisfied with their jobs. They want to see how their work contributes to the whole, and they want work-life balance. Apparently, they are getting enough of each to support their continued motivation, dedication and hard work.

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About the survey

The federal budget often dominates national headlines, but most citizens know little of its details. However, the army of federal budget professionals who daily develop, justify, review and execute it know the federal budget quite well. In the current economic environment, the federal budget will continue to play a significant role. This inaugural survey of federal budget professionals seeks to explore some of the issues associated with the federal budget. Sponsored by the American Association for Budget and Program Analysis (AABPA) and Grant Thornton LLP, this survey is an opportunity for those intimately involved with the federal budget to voice their thoughts and opinions about the road forward. Government executives — career and political — as well as other government employees, business leaders and citizens can benefit from these knowledgeable insights about the phenomenon that is the federal budget.

Methodology

In early 2011, Grant Thornton approached AABPA about the possibility of jointly conducting a survey of budget personnel. AABPA is the signature organization for budget professionals in the Washington, DC, area, and Grant Thornton has considerable experience with surveys as well as with providing advisory support to federal budget offices. For some time, Grant Thornton had been considering a survey of budget personnel, but concerns about access to these busy professionals led to deferral. But now, AABPA and Grant Thornton decided that they could access a sufficient number of them entirely through an online survey with a widely advertised survey link available to anyone who chose to take the survey.

Many different people are involved in the budget process, and it is difficult to come up with a name that covers them all. We considered a variety of names for them – budget officers, budget analysts and budgeteers – before settling on “federal budget professionals.”

Throughout the late winter and early spring of 2011, a joint team developed survey questions and marketing plans. While two-thirds of the federal budget is related to mandatory spending that is not appropriated, like Social Security and Medicare, most federal budget professionals deal with agency discretionary spending that is obtained through appropriations. So, we settled on these topic areas:

- Budget formulation
- Budget and performance integration
- Budget execution
- Resource constraints
- Congressional issues
- Budget systems and technology
- Human capital.

We opened the survey during AABPA’s Spring Symposium in May 2011 and kept it open through the beginning of August. With aggressive marketing by AABPA, the survey attracted 261 respondents who completed the survey and many others who sampled some of the questions.

Confirming the timeliness of this survey, 2011 saw the near shutdown of the government over concerns about the budget deficit and increased attention from the media and citizens about the various components of government spending and budget. Federal budget professionals were directly affected by the budget crisis when the President froze their salaries for two years beginning in 2011.



The survey generated more data than is reflected in this report, but we have selected those components with the most relevance to the budget process and the budgeting profession.

Profile of survey respondents

When AABPA and Grant Thornton designed the survey, they knew there were potentially thousands of people who were qualified to take the survey. Also, because the survey was entirely online, with access through a website available to anyone, the sponsors did not know how many people would choose to take the survey or who they would be. Based on information provided by the respondents, we have a good profile of their characteristics as shown below. Detailed information on these characteristics is available at www.grantthornton.com/publicsector.

The survey allowed respondents to self-identify as federal budget professionals, and 89% of the respondents did. While those respondents who are not federal budget professionals could offer useful information, we designed this survey to obtain information from those who actually are or have been “in the trenches.” As a result, we base all subsequent information in this report only on responses from the 231 respondents who completed the survey and self-identified as federal budget professionals.

Both because the survey respondents self-identify and because the size of the universe of potential respondents is very large, but unknown, we do not imply that respondents are representative of that universe. However, we believe we have sufficient input to draw valid conclusions about federal budget professionals in general.

Here are some other key points about the respondents:

- Seventy-eight percent are in the Executive Branch, covering every department and many independent agencies.
- The Departments of the Interior, Justice and Homeland Security together account for 50% of all executive branch respondents who identify their agencies.
- Budget formulation and budget execution are the primary types of work that respondents do, but they are involved in a wide range of activities.
- Sixty-four percent are in senior-level jobs and 32% in mid-level jobs; 56% have 10 or more years of experience and 19% have five to 10 years of experience.
- Fifty-seven percent have earned a master’s degree and another 30% hold a bachelor’s degree. Public administration, public policy, and business administration account for 82% of master’s degree fields; liberal arts and business administration account for 62% of bachelor’s degree majors.

Anonymity

This report reflects the responses and opinions of survey respondents to the maximum extent possible. However, to preserve anonymity we do not attribute responses to specific individuals.

To obtain a copy of the survey report and questionnaire, please see the inside back cover of this report for directions to the sponsor organizations’ websites.

Budget formulation

The budget formulation process starts when agencies have developed or updated their strategic and operational plans and ends when Congress passes the appropriation based on the budget. It includes:

- Analyzing requirements and developing initial budget requests at the program level
- Analyzing and consolidating requirements at the bureau, departmental and Office of Management and Budget (OMB) levels as well as providing justifications necessary to support those requirements as the budget moves through the process
- Preparing the various budget formats required by each level
- Providing testimony and later answers to question from higher levels
- Tracking congressional action on appropriation bills.

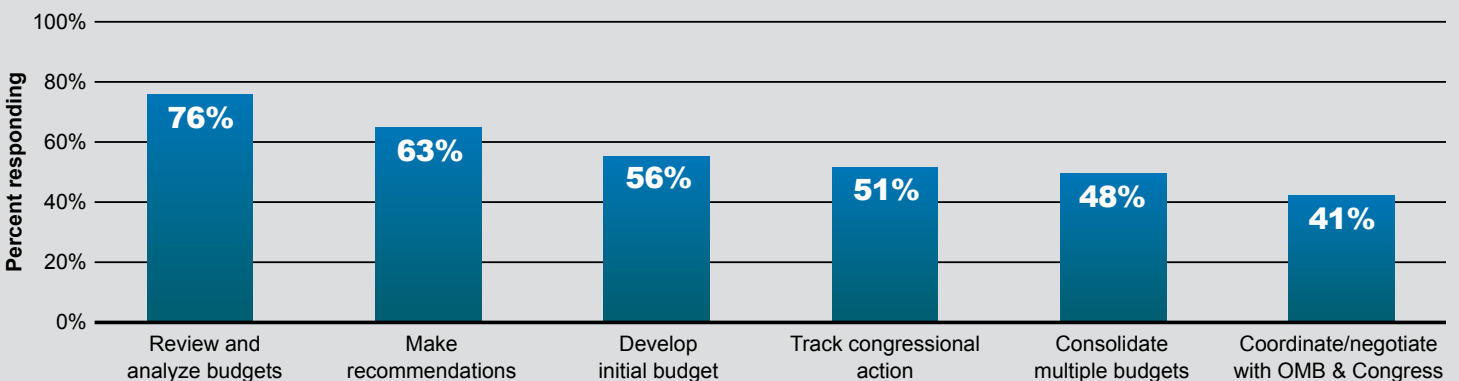
Figure 1 shows respondents' top roles in the budget formulation process based on selecting all that apply. The average respondent selected 3.4 roles, and each role was selected by at least 41% of respondents, showing the breadth of the budgeting profession.

Three out of four respondents checked “review and analyze budgets” because this can be done at many different levels: program, bureau, department, OMB. The initial budget is developed once, but it is reviewed and revised numerous times. We will see later in this report (Figure 19) that the ability to analyze is a key attribute for new hires.

“Make recommendations” is a solid second choice, illustrating how budgeteers must translate their analyses into useful choices. The typical outcome of analysis is an options paper with pros and cons for each option, accompanied by a recommendation with rationale.

Not as many people have the opportunity to “develop initial budgets,” the third most mentioned role, but 56% of the survey respondents identify with that role, indicating that many of them are involved in the beginning steps of the budget. In addition, 48% of respondents “consolidate multiple budgets,” either at the bureau or departmental level. Survey respondents are clearly involved in full-contact budgeting.

Figure 1:
Budget professional roles in the budget formulation process



It is surprising that more than 50% of survey respondents identify “track congressional action” as one of their roles. Tracking action, especially as agencies approach the start of a fiscal year with a high potential for continuing resolutions, is a best practice, but before this survey, it was not clear that so many budgeteers are involved in it.

Forty-one percent of respondents “coordinate/ negotiate with OMB & Congress,” an impressive amount, but perhaps expected when more than 60% of respondents identify themselves at a senior job level.

Elements of an effective process

Respondents selected their top three choices from a list of seven options to define an effective budget formulation process. When they made their selection, the survey then presented them with a followup question about how effective that element was at their organizational level. The top choices are in Table 1.

We expect “explains needs and impacts” to be the top-rated element because this might be considered the ultimate goal of the budget

formulation process. We can view the other two elements selected by more than 50% of respondents, “input by program managers” and “leadership provides early direction,” as enablers of the first element. Program managers understand the needs of their programs, and agency leadership understands the priorities. Agencies require both to have an effective budget product.

It is unexpected that “links budget to strategic plan” ranks only fourth, with 44% of respondents choosing it. Many argue that a primary value of the budget is that it transforms the agency strategic plan into a resource request. The next element, “communicates policy through the budget,” could also be related to the strategic plan, where the foundation for policy objectives is found.

The results on effectiveness appear to be relatively consistent regardless of the element selected, with those selecting “effective” generally representing many more than those who select “ineffective.” It appears that the budget formulation process elements in the budgeteers’ own organizations are producing good results.

Table 1:
Elements of an effective budget formulation process and effectiveness

Elements	Respondents mentioning	Respondents’ opinions	
		Percent saying ineffective	Percent saying effective
Explains needs and impacts	67%	25%	75%
Input by program managers	59%	15%	85%
Leadership provides early direction	57%	29%	71%
Links budget to strategic plan	44%	40%	60%
Communicates policy through the budget	37%	18%	82%



Reprogramming funds

We asked respondents if, when they receive requests for additional funding, their organizations first consider reducing other funded activities to finance these new requests before considering other ways to obtain the resources. Sixty percent of respondents say they do.

This high percentage is unexpected, because it means that organizations have to prioritize their requirements, something that bureaucracies in general do not like to do. However, it may also be a more recent phenomenon, wherein continual budget reductions make it unlikely that any organization is going to get additional funds, let alone keep what it already has. Therefore, budgeteers recognize that, if a requirement absolutely has to be funded, their agency must fund it from available resources. One respondent noted, “We used to always go for increases; now we cut many programs.”

We asked those who replied “no” why this was the case. Most of the answers are along the lines of not having anything to reduce or always trying to increase the base. One of the more interesting perspectives is “Whatever one office already has, belongs to them.”

Requesting additional funds

We asked respondents whether their organizations, regardless of instructions from higher levels, usually request additional funds, and 43% say yes while 36% say no. Thus, it is common to request additional funding, even when OMB instructions require agencies to submit budgets 5% and 10% less than previous levels. It would be interesting to know how the reviewers treat these unsolicited requests.

We offered respondents an opportunity to explain why they answered as they did. Most of

the responses came from those who answered “yes,” and many said they need to maintain current levels or requirements are always increasing. Others want to go “on the record” about their requirements, and some say there is just no downside to doing it.

Other thoughts

The final question in this section offered respondents the opportunity to add other comments. More than 50 respondents shared their thoughts on a wide range of topics, though there are a few common concerns. These include timely guidance at all levels, involvement by senior leadership and working relationships between program managers and budgeteers. In a budget process that never ends, the biggest frustrations are waiting for guidance that never comes on time and needlessly reworking budgets because of last-minute changes in direction or lack of understanding. One respondent noted, “Budget formulation is often completed by the time guidance comes out.”

Budgeteers recognize that, if a requirement absolutely has to be funded, their agency must fund it from available resources. One respondent noted, “We used to always go for increases; now we cut many programs.”

Another concern is the lack of a relationship between agencies’ strategic goals and the budget requests that should be based on those goals. As one respondent says, “Budget formulation should translate the strategic plan into a resource request, but too often it simply expands last year’s budget.”

Budget and performance integration

Since the 1950s, when the term “performance budgeting” was first introduced, budgeteers have been working to integrate performance information into the budgeting process. The President’s Management Agenda of the early 2000s made budget and performance integration (BPI) one of the five major areas for which agencies received progress and status traffic-light scores. This section of the survey explores how agencies are using performance information in the budgeting process.

Types and uses of information

We asked respondents what was their organization’s primary process or system for collecting and maintaining performance information. Respondents indicate that 45% use an automated system while 35% use a manual system. It is good that many organizations now have some type of automated system because few agencies had automated systems for performance information in the early days of GPRA. With so

much performance information being used today in the budget process, agencies need automated tools to manage the information.

Figure 2:
Types of performance information collected

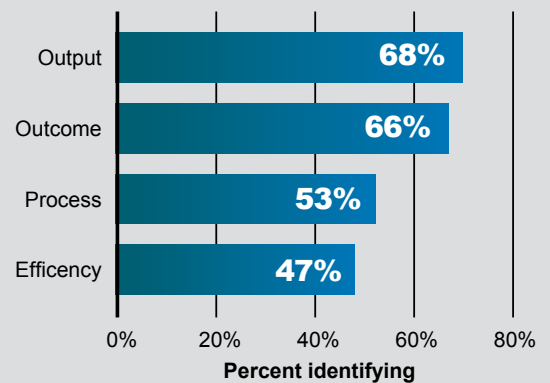


Figure 2 shows respondents’ top choices for the types of performance information that they collect based on selecting all that apply. The average respondent checked 2.7 types.

Outcome measures are the most desired measures for governmental programs, but various problems often make them difficult to define and/or collect. Output measures have many uses at the activity level and are also often used as surrogates when outcomes cannot be measured. Because many government programs produce services rather than products, process measures are very popular when it is difficult to enumerate the output. That almost 50% of respondents collect efficiency measures is interesting. The Program Assessment Rating Tool (PART) program of the early 2000s required each program to have at least one efficiency measure and, at that time, many did not. This may indicate that the PART results live on today.





Table 2:
How respondents use different types of performance information

How do you use this information?	Types of performance information			
	Outcome	Output	Process	Efficiency
To address external reporting requirements	71%	63%	60%	63%
To help in justifying budget requests	72%	63%	61%	63%
To analyze program efficiency and effectiveness	62%	54%	61%	62%
To support resource allocation and staffing decisions	54%	47%	57%	56%
To assess progress toward meeting goals in our strategic plan	63%	50%	52%	50%
To compare over time, across regions or against standards	37%	40%	38%	33%
We do not use it	3%	5%	7%	8%
Other	3%	3%	8%	5%

When respondents selected one of these types of information, they were then presented with a followup list of standard choices about how they used that particular element. A summary of their selections is in Table 2.

There is a lot of data here, which seems to boil down to this:

- Respondents primarily use performance information to address external reporting requirements and to justify budgets, especially with outcome information.
- There is slightly less use of the information to analyze program efficiency and effectiveness.
- The next uses, supporting resource allocation and assessing progress toward meeting goals, are still used by more than 50% of respondents.
- Not surprisingly, respondents use outcome information more for assessing progress against goals (which should have outcome measures) than for supporting resource allocations.
- Respondents use performance information least for comparisons.
- On average, 6% of respondents collect data that they do not use.

Figure 3:
Ease or difficulty for your organization to prepare and use integrated budget and performance information

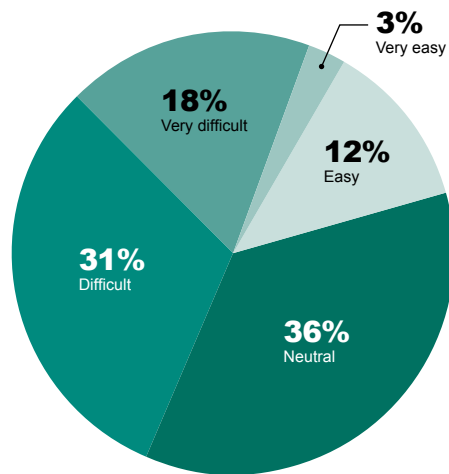


Figure 3 shows how difficult or easy it is for organizations to prepare and use integrated budget and performance information. The first clear message here is that few think it is easy. While 49% think it is difficult or very difficult, another 36% choose “neutral,” which could be interpreted as “neither difficult nor easy.” So while many of respondents’ organizations have automated systems for performance information, there is still much difficulty in preparing and using information that integrates budget and performance.

We followed up this question by asking why it was difficult or easy and gave the respondents some standard answers from which to select the top three. The most common responses (with about 50% of respondents) for why it is difficult to use are that “performance information is not readily available” and “budget information related to performance is not readily available.” About 40% of respondents selected “linking data

is not a priority” and another 40% selected “we do not have enough staff for the workload.”

Those who indicated that it is easy to use selected “performance data is readily available” and “budget information related to performance is readily available.” So, the availability of data in these agencies is the key element driving ease of use.

Figure 4:
How often is integrated information prepared and used?

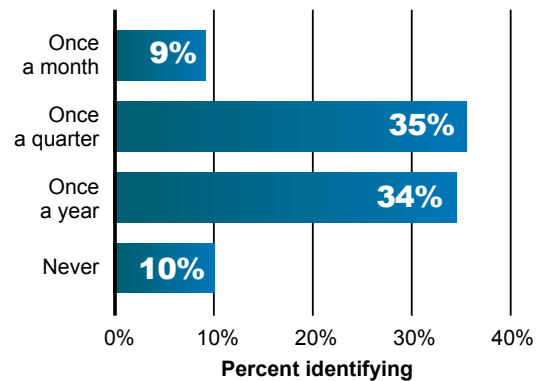


Figure 4 shows the top choices for how often organizations prepare and used integrated budget and performance information. The important story here is that, while budget information is probably reported on a monthly basis by all organizations, less than 10% of respondents are preparing and using integrated budget and performance information on that basis. Another 35% are preparing and using the integrated data once a quarter, 34% are only doing it once a year and 10% are never doing it. It is difficult to see how performance information could be making an impact on the daily operations of agencies when 79% of them are preparing and using this data only once a quarter or less.

Table 3:
Frequency with which groups use integrated budget and performance information

Group	Frequency of use			
	Often	Occasionally	Never	N/A
Budget and financial managers and analysts	34%	49%	11%	6%
Program managers and analysts	30%	47%	13%	9%
Executive leadership	26%	52%	14%	8%
External stakeholders	24%	45%	14%	17%

Table 3 shows the frequency with which various groups within respondents' organizations use the integrated budget and performance information. The answers here must be tempered with the information above that indicated that most respondents prepared and used this information only once a quarter or less.

The most obvious information in this data is that there is no significant difference in use among the various groups. Information is used "often" by 24% to 34% of groups, "occasionally" by 45% to 52% and "never" by 11% to 14%. Overall, budget and financial managers and analysts use the data most and external stakeholders least. We followed up this question by asking respondents to explain why each group did or did not use the information at the frequency it did, but there is no pattern to the answers, and many respondents provided the same answers for every category.

Other thoughts

The last question in this section offered respondents the opportunity to add other comments. There are a wide range of comments with few common themes except the difficulty of

"[Integrated budget and performance information] is probably the most important, little-used information in government."

implementing the active use of performance information and the need for a culture change in agencies. One respondent noted, "This is probably the most important, little-used information in government."



Budget execution

Budget execution is the effective and efficient use of congressional appropriations, ensuring compliance with the time, purpose and amount of the appropriation. It begins when agencies develop operating plans for their internal organizations before the start of the fiscal year and ends when those appropriations close. It includes:

- Developing, revising and using operating plans
- Allocating resources to operating entities and maintaining fund control processes
- Committing, obligating and disbursing appropriations
- Monitoring fund use and preparing regular reports for management
- Managing operations under continuing resolutions, when necessary
- Identifying the need for reprogramming and preparing justification
- Closing out each fiscal year with maximum effective use of available funds
- Managing expired appropriations until they close.

As we did in the budget formulation section, we began this section by asking respondents about their roles in the budget execution process and gave them six standard choices, allowing them to select all that apply. The average respondent selected 3.5 roles, almost identical to the rate of budget formulation selections. The results are in Figure 5. Most respondents describe budget execution as a focus on analyzing and reporting budget information. Only 30% of respondents describe budget execution as a transactional activity (“commit and obligate funds”). With 49% of respondents selecting “track congressional limitations,” it seems clear that there are numerous limitations, especially when agencies begin each fiscal year with multiple continuing resolutions. Many consider monthly comparisons of actual obligations to earlier prepared estimates to be a best practice, so it is encouraging to see 48% of respondents identify this role. Similarly, having annual operating plans is a critical element of an effective budget execution process, and 48% are also engaged in this role. Many of those who select “N/A and other” and provide additional information are involved in funds distribution and various aspects of analysis and reporting.

Figure 5:
Roles in budget execution process

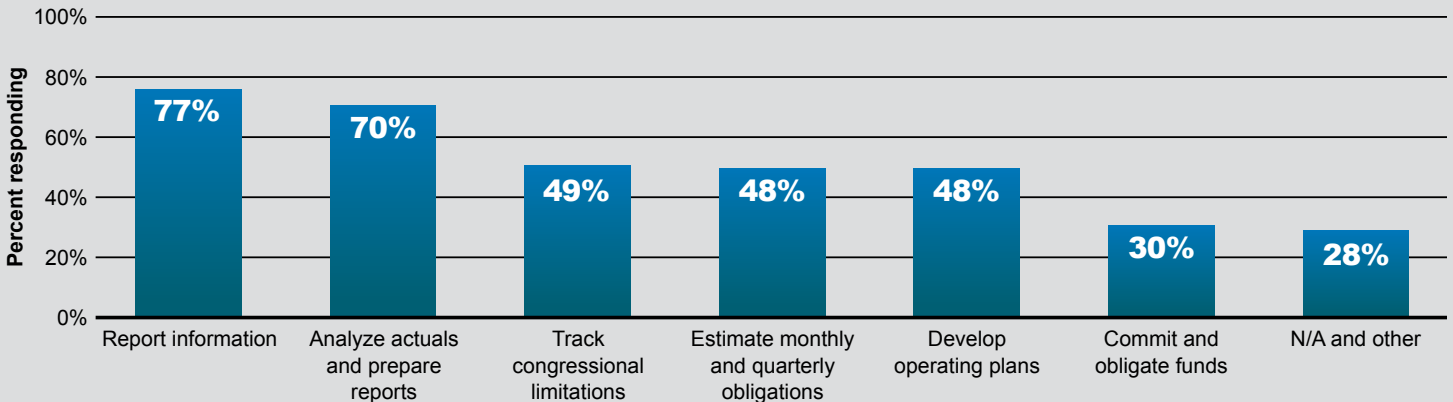


Table 4:
Elements of an effective budget execution process and effectiveness

Element	Respondents mentioning	Respondents' opinions	
		Percent saying ineffective	Percent saying effective
Control funds and enforce congressional limitations	68%	5%	95%
Program managers develop and use operating plans	48%	31%	69%
Agency capable of dealing with changing requirements	44%	13%	87%
Use integrated actual obligations and performance reports	34%	40%	61%
Allocate funds to decentralized levels	32%	9%	91%
Identify reprogramming needs timely	26%	26%	74%
Actual obligations compared with estimates monthly	17%	18%	82%

Table 4 shows how respondents would define an effective budget execution process by selecting their top three choices from a list of seven options. When respondents made their selections, we then presented them with a followup question about how effective that element was at their organizational level.

Because funds control is the most basic requirement of budget execution, it is no surprise that 68% of respondents identify this element. However, no other element is identified by more than 50% of respondents. The development and use of operating plans, identified by 48% of respondents, could be described as one of the methods to achieve funds control. The same could be said for allocating funds to decentralized levels, identified by 32% of respondents. Using integrated reports of actual obligations

and actual performance (34%) and comparing actual monthly obligations with estimates (17%) could be seen as tools to achieve essential capabilities such as dealing with changing requirements (44%) and identifying reprogramming needs (26%). The respondents lay out a very integrated set of elements to create an effective budget execution process.

In terms of effectiveness, use of integrated reports is the lowest-rated element. This is not surprising after seeing the information from respondents in the budget and performance integration section above. Developing and using operating plans is the second most selected element, but one out of three respondents does not describe it as working effectively. One out of four respondents does not see “identify reprogramming needs timely” working effectively, but



it is the second-lowest selected element. All of the other elements receive very high ratings for effectiveness, indicating that most of the budget execution process elements are working well in respondents' agencies.

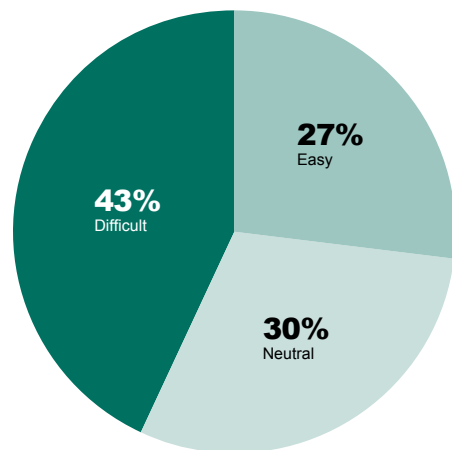
Continuing resolutions (CRs)

CRs have become a normal part of the budget execution process, and this reality does not appear likely to change anytime soon. For FYs 2000 through 2011, at least some agencies

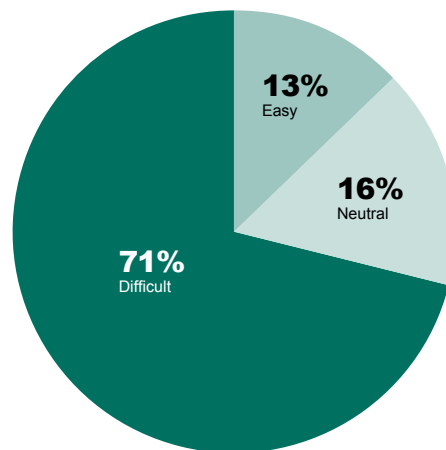
operated under CRs every year. In six of those years, all CRs lasted three months or less, and in six of those years, at least some CRs lasted longer than three months. Figure 6 shows respondents' organizations' ability to continue operations under CRs that lasted three months or less and those that lasted longer than three months.

This data indicates that 57% of respondents do not think it is difficult to continue operations under CRs lasting three months or less, although many of those respondents are "neutral." When the CR length stretches beyond three months, we see significant changes toward "difficult," but still 29% of respondents do not think it is difficult to continue operations. Depending on the type of costs their agencies incur, many respondents can adjust their planning and continue near-normal operations under a continuing resolution.

Figure 6:
How easy or difficult is it to continue operations under a CR?



CRs of 3 months or less



CRs longer than 3 months

Figure 7:
Why is it easy or difficult to operate with a CR?

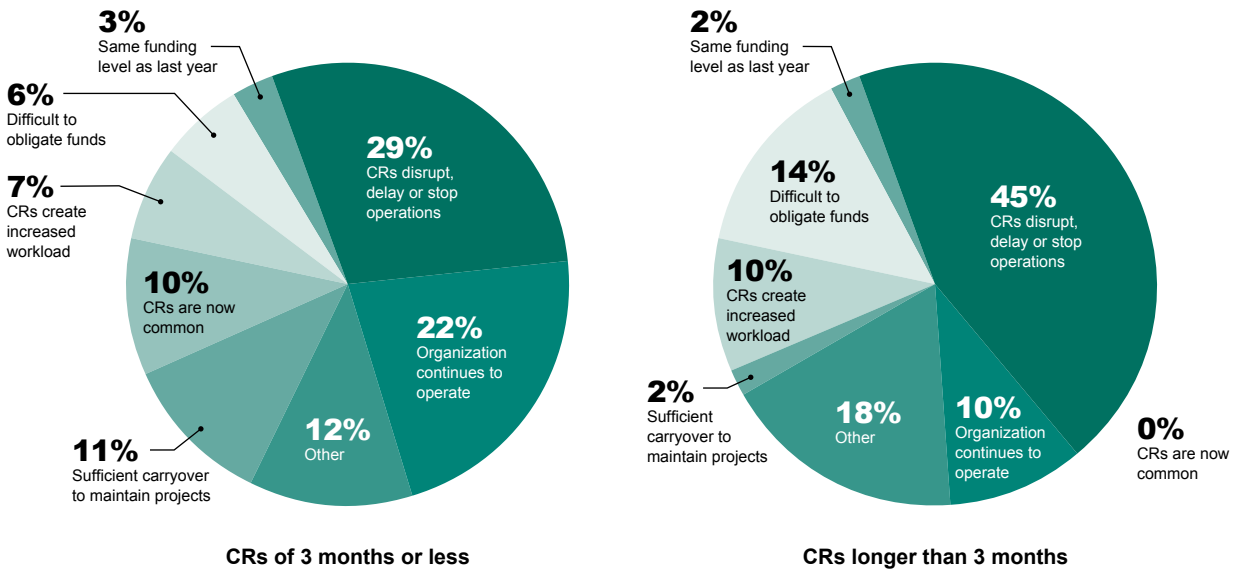


Figure 7 shows why respondents thought it was easy or difficult for each scenario. Most of these answers do not shed new light on how agencies are adapting, for example, how do “CRs disrupt, delay or stop operations” or how do “CRs create increased workload”? However, the responses “CRs are now common” and “sufficient carryover to maintain projects” do provide specific information about why it is easy for some agencies to continue operations.

Other thoughts

As in the other sections of the survey, the final question in this section offered respondents the opportunity to add other comments. Thirty-nine respondents shared their thoughts on a wide range of topics. The most mentioned issue was the need for modern financial systems.

Other comments addressed the shortage of good performance measures and problems created by not having appropriations passed on time.

It is refreshing to see so many federal budget professionals involved in and actively interested in issues affecting budget execution. One respondent summed it up, “Budget execution is not accounting. It is continuously adjusting the budget for changes to ensure that the agency accomplishes whatever it originally promised in its budget request.”

Resource constraints

This section of the survey explores how respondents are dealing with budget cuts. Until recently, the budgeteer's typical question was "How much additional funding can I get for my agency?" Now the economic crisis is forcing them to consider how much less budget they can afford. Cutting the budget involves skills that may not have been necessary in the past.

Figure 8:
Most important methods for determining reductions and offsets

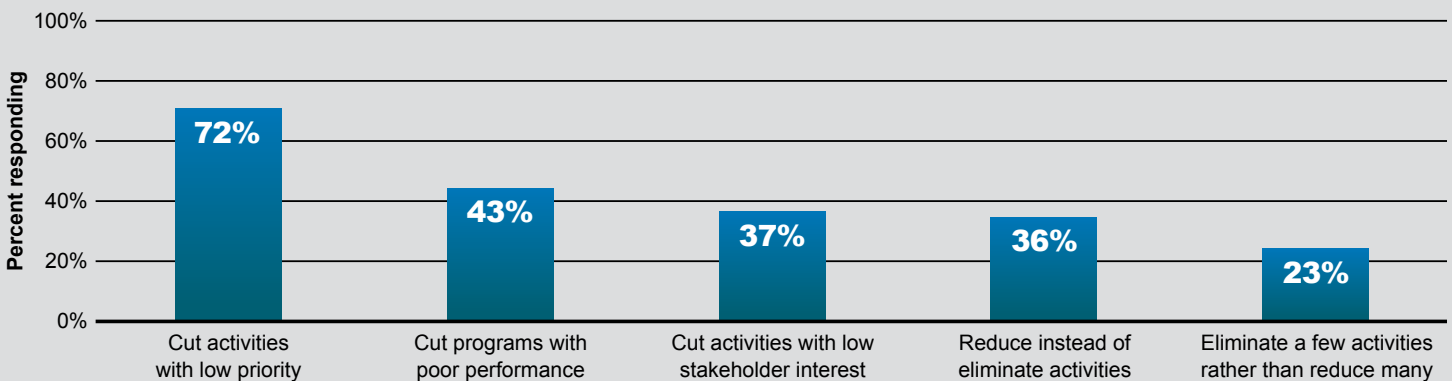


Figure 8 shows methods that respondents use to determine potential reductions and offsets, based on the top three choices. After so much discussion in the popular media about programs that do not perform well, it is very gratifying to see that, by a wide margin, budgeteers recognize that priority for mission accomplishment is more important than performance. Excellent performance by low-priority programs is no reason to keep funding them when budget wolves are at the door. However, the next most popular choice is programs with poor performance histories. Poorly performing programs should be getting attention from the agency's performance managers with or without budget cuts. However, it is probably safe to say that, regardless of a program's priority, if it is not

performing, it is also going to draw the attention of budget cutters.

It is difficult to imagine why activities with low stakeholder or congressional interest, selected for reductions by 37% of respondents, ever got funded in the first place, but interests change over time, usually much more quickly than corresponding funding levels. Perhaps these activities are important priorities for achieving some strategic goals and objectives even though stakeholders and Congress have little interest in them.

The next two choices examine eliminating a few activities or reducing many activities. Typically, reducing many activities is an approach to use when there is an expectation that the funding reduction is short term, while

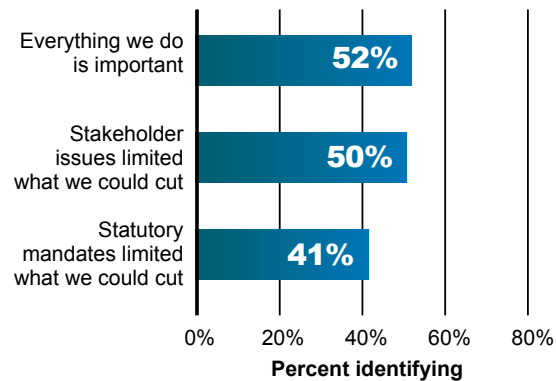


elimination makes more sense if the reduction is permanent. It appears that 36% of the respondents prefer to reduce rather than eliminate, while 23% prefer elimination over reduction. We did not have a followup question to determine whether they believe the current budget situation is a short-term aberration instead of a total rebalancing that will lead to a new, lower-funded normal for the agencies.

Because agencies already have some experience with budget cutting in their FY 2012 budgets, we asked respondents about their difficulty in complying with OMB's guidance to reduce those submissions by 5%. It is alarming that 56% found it difficult to comply with this guidance, and only 14% found it easy. With agency budgets of billions or hundreds of millions of dollars, it seems reasonable to expect that program managers and budgeteers could find a few percentage points of funding that are not essential for mission accomplishment. It may be that agency leadership believes that agency requirements are growing more quickly, and that even current funding levels are inadequate. This seems to ignore the reality that agency discretionary spending levels are likely to continue to decrease. The survey questions were developed before OMB's guidance for the FY 2013 budget was issued, which required a 10% reduction in that budget, so we do not know the impact of compliance with that guidance.

Exploring this issue more deeply, we asked respondents why compliance was easy or difficult and gave them a short list of standard answers from which to select their top three. The results for why compliance was difficult are in Figure 9 and the results for why compliance was easy are in Figure 10.

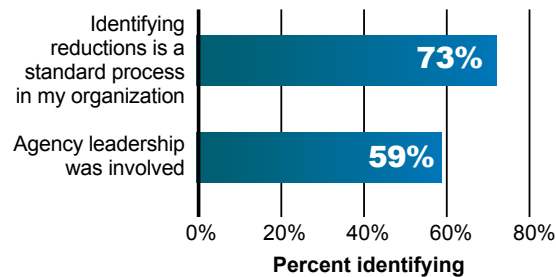
Figure 9:
Why was it difficult to comply with OMB guidance?



For difficult compliance, while stakeholder issues and statutory mandates are legitimate arguments for not cutting selected activities, one has to wonder if all of their activities are so covered. We also wonder whether “everything we do is important” is what the respondents believe or what they were told.

With agency budgets of billions or hundreds of millions of dollars, it seems reasonable to expect that program managers and budgeteers could find a few percentage points of funding that are not essential for mission accomplishment.

Figure 10:
Why was it easy to comply with OMB guidance?



For easy compliance, both answers are gratifying. Even in days of flush funding, agencies should require decrements to analyze the base. In days of budget cuts, these skills can be very useful. And the involvement of agency leadership can always make a difficult task easier.

Other thoughts

As in the other sections of the survey, the final question in this section offered respondents the opportunity to add other comments about resource constraints. Twenty-two respondents gave us their thoughts on a wide range of topics with few common themes.

One of the key issues we are not able to nail down definitively in this survey is whether the input here means that budgeteers are not able to make budget reductions because they lack the knowledge, skills, etc., or whether they know how to do it but their agencies, as an institution, are fighting the reductions. It makes sense for the government to staff its various programs with people who believe in those programs and their ability to achieve useful results for citizens. But it can be a problem when program and agency leadership does not help dedicated program managers see the bigger picture.

Congressional issues

Preparing and justifying the agency budget to Congress is one of the critical functions of a budget office, so we asked some questions about that process. We had planned to ask Executive Branch personnel one set of questions and Legislative Branch personnel another set of questions, but we did not have sufficient Legislative Branch participation to allow us to determine valid information for them. The information here is primarily from Executive Branch personnel.

Figure 11:
Problems with preparing congressional budget submissions

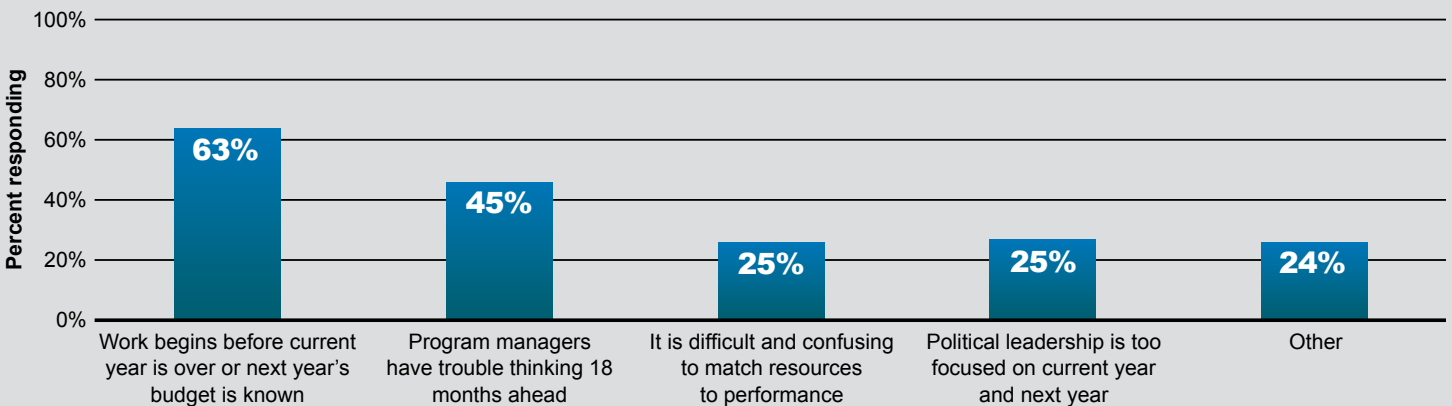


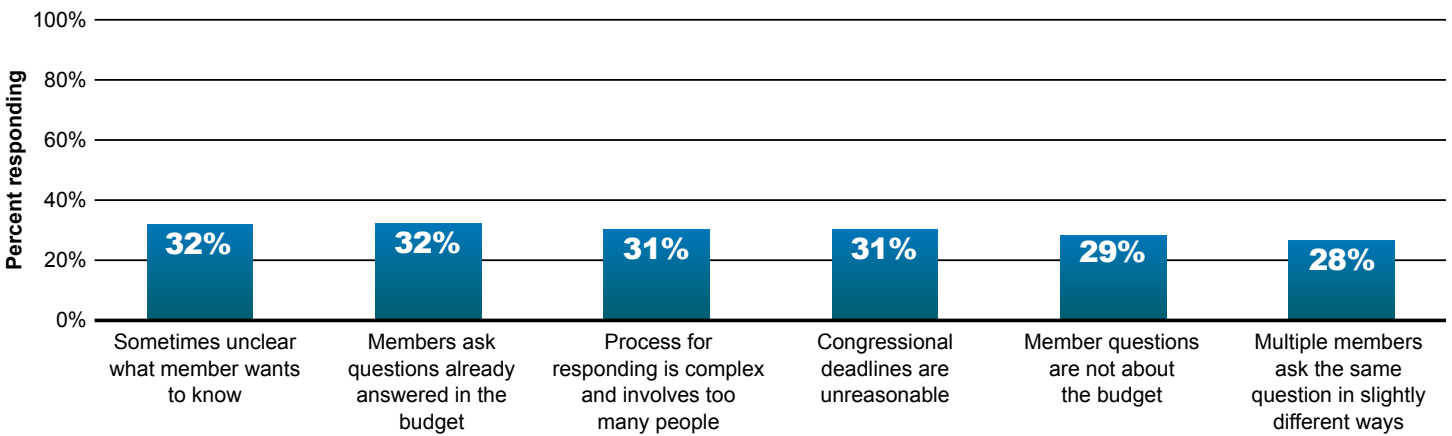
Figure 11 shows the most significant problems with preparing the congressional budget submissions based on the top three choices of respondents. In March 2011, four months before this survey went live, program offices were beginning development of their FY 2013 budgets without knowing their actual appropriations for FY 2011. Under the best of circumstances, they would still start the FY 2013 budget process before they knew their actual FY 2011 obligations or their actual FY 2012 appropriations. Until a genius figures out a way to shorten the marathon federal budget review process, budgeteers will continue to have the problem identified by 63% of respondents.

Very much related to this is that program managers have obvious problems thinking 18 months ahead. They need to be focused on what is going to happen to their programs in the next few months. Political leadership, too, is understandably focused on shorter timeframes; history suggests that their tenure is usually less than 24 months.

We have already discussed problems with matching resources and performance, identified by 25% of respondents, in the budget and performance integration section above.

Twenty-four percent of respondents selected “other,” suggesting that our list of options is deficient. Many of their comments are broad,

Figure 12:
Problems with answering congressional questions

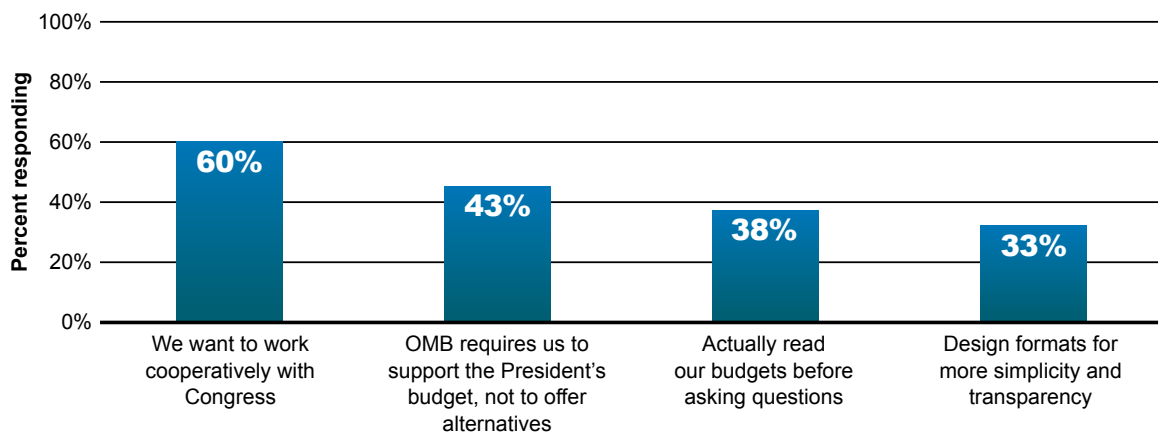


but a number mention late and changing guidance, and some wonder why they work so hard to produce a submission that is often declared dead on arrival.

Figure 12 shows problems respondents have when dealing with congressional questions during the justification process, based on the

top three choices of respondents. The most interesting thing about this data is that there is very little difference in the number of people who select each of the choices. No one choice is selected by even one-third of all respondents. This would appear to indicate that there is no one big problem, but possibly lots of little ones, which might not really be a bad situation.

Figure 13:
Executive Branch budgeteers' comments to congressional staffers



Executive branch budgeteers and congressional staffers are all working for the same ultimate goal, but they may not always be able to see the situation from the other person's point of view. Figure 13 shows what Executive Branch budgeteers would like to tell congressional staffers about the congressional budget submission and justification process, based on the top three choices.

It is very encouraging to see that 60% of respondents want to work cooperatively with Congress. People get into the budgeting profession because they want to make a difference, and they understand this means working with Congress. Members and staffers often ask agency budget personnel for alternative information, which budgeteers might want to provide but cannot, if that information does not support the President's budget.

Because the answer to congressional questions may be buried somewhere in the agency budget submission, it is not uncommon for budgeteers to answer, "As we indicate on page 58 of our submission,..." This is apparently frustrating for 38% of respondents, which then leads to problems with the document design, raised by 33% of respondents. Better document design might make it easier for congressional staffers to find the information they need.

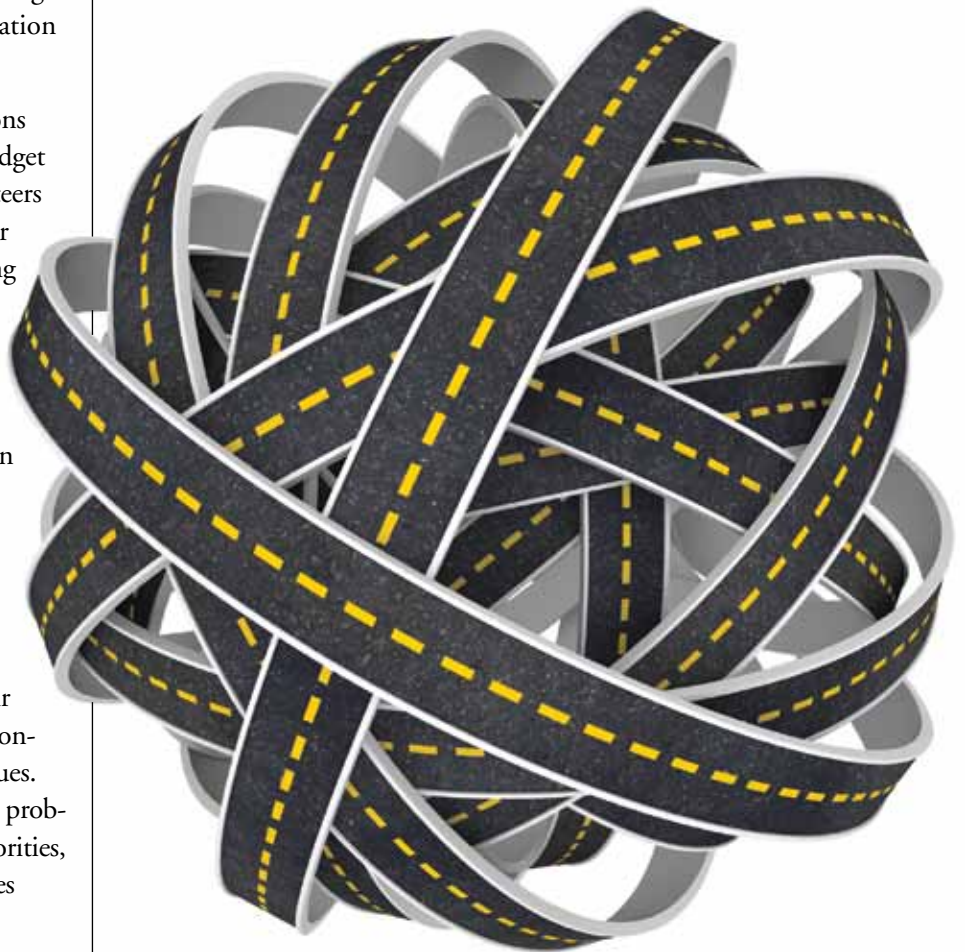
Earmarks

Various politicians and others occasionally suggest that congressional earmarks are an issue, so we asked respondents whether earmarks create significant problems for their organizations. By a slight margin, more respondents believe that earmarks do not create issues. The most common reason cited for creating problems was that earmarks distorted agency priorities, requiring them to put resources into activities

other than what agency priorities would dictate. A few respondents also mention the additional tracking that earmarks require.

Other thoughts

We asked if respondents wanted to add other comments about congressional budget submissions and justification issues, and 21 of them did. Most responses were very individual, but five respondents discussed getting appropriations passed on time or better planning for CRs. Another four respondents pleaded for congressional staffers to actually read the budget submissions and have more interactions with agency budgeteers throughout the year.



Budget systems and technology issues

The long, complex and complicated documents that make up today's federal budget — the Department of Homeland Security's FY 2012 Congressional Budget Justification is 3,311 pages — require more than accounting tablets and individual spreadsheets. While accountants have gotten ever-better accounting systems, budgeting systems are still in their infancy. Then, too, some would argue that the heart of a budget is the justification, which is not easily supported by automated tools; the numbers, be they dollars or performance measures, play a secondary role. This section explores the technologies that budgeteers use to develop their budget submissions.

Table 5:
Budget process tools and effectiveness

Tools	Percent responding	Respondents' opinions of effectiveness		
		Percent saying poorly	Percent saying neutral	Percent saying well
Microsoft Excel® only	26%	28%	26%	45%
Core financial system	23%	32%	32%	37%
Custom-built solution	14%	22%	22%	52%
COTS budgeting solution	10%	20%	10%	65%
GOTS budgeting solution	10%	28%	28%	39%

Table 5 shows the tools budgeteers are currently using, based on respondents selecting the primary one they use. When respondents made their selection, the survey asked them to identify how well their tool was working. The most striking data is that only two tools are used by even about a quarter of the respondents, and one of these is the “core financial system.” It is not surprising that automated spreadsheets are the budgeteers favorite tool, but it is surprising that 26% of respondents use it as their *primary* budgeting tool. “Custom-built solution” accounts

for 14%; it would be interesting to know how long those have been around. Commercial off-the-shelf (COTS) and government off-the-shelf (GOTS) software are each the choice of 10% of respondents. A number of commercial vendors have tried to adapt their private sector budgeting software to the federal market, but to date no vendor has found that combination of effectiveness and price that would make budget offices line up for their product. GOTS solutions typically have the price but not necessarily the effectiveness to make them the preferred choice.



UNDER CONSTRUCTION

Excel only is the top choice for a primary budget tool, but less than half of the respondents who select it believe it works well. Those who select the core financial system are almost evenly split between working poorly or well or they are neutral. We see a major difference between those who chose COTS and those who chose GOTS. The COTS customers are much more satisfied than the GOTS customers. We offered respondents an opportunity to tell us why the tool they use is or is not meeting their needs, and almost three-quarters of them indicated that their current tool does not provide a comprehensive solution or is difficult to use.

Table 6:
Essential elements of an effective budget tool

Element	Percent responding
Data rollup and consolidation	51%
Simple to use	40%
Reporting, dashboards, analytics	37%
Scenario and “what-if” analysis	29%
Web-based	24%
Produces finished budget document	23%
Configurable calculations and business rules	19%
Workflow management	16%
Back office integration and data exchange	15%
Based on Excel	14%

Table 6 shows the essential elements of an effective budget tool, based on the top three choices of respondents. Many COTS vendors begin their product demonstration by assuring their budgeteer audiences that their COTS product is “based on Excel.” They believe an Excel base is important. Apparently, respondents are not of the same mind, making “based on Excel” the lowest-ranked element at 14%. More than 50% of respondents want data rollups and consolidations. Simplicity of use is important to 40%, and 37% want reporting and analytics capabilities with dashboards. Other popular options include what-if analyses, web-based applications, and the production of a finished budget product. These are areas where COTS products typically shine. Fewer than 20% of respondents selected the remaining elements.

Other thoughts

We asked if respondents wanted to add other comments about budget systems and technology issues, and 17 of them did. Their responses cover a range of issues, but two were very similar. “Budget technology seems far behind financial management technology; commercial solutions are way too expensive.” Another respondent notes, “We have tried several times to automate but failed every time. I am convinced that the budgeting process is too complicated and technology firms do not understand it well enough to write a program that meets our needs.”

It appears that budget systems technology is still not mature. Perhaps the market is not large enough to justify private sector investment in the necessary systems development to produce a reasonably priced solution. Or perhaps the answer lies with GOTS products if enough agencies join together and invest in them.

Human capital issues

This survey focused on areas that are unique to federal budget professionals. However, like other personnel in any large bureaucratic organization, federal budget professionals are also affected by issues that affect all other personnel: management issues, facilities issues, pay issues, etc. Because of its importance to the continuation of the budgeting profession, we included some questions on human capital issues. These issues affect all of an organization's personnel, but we have tried to put a budgeting emphasis on them.

Figure 14:
Most important budgeting competencies

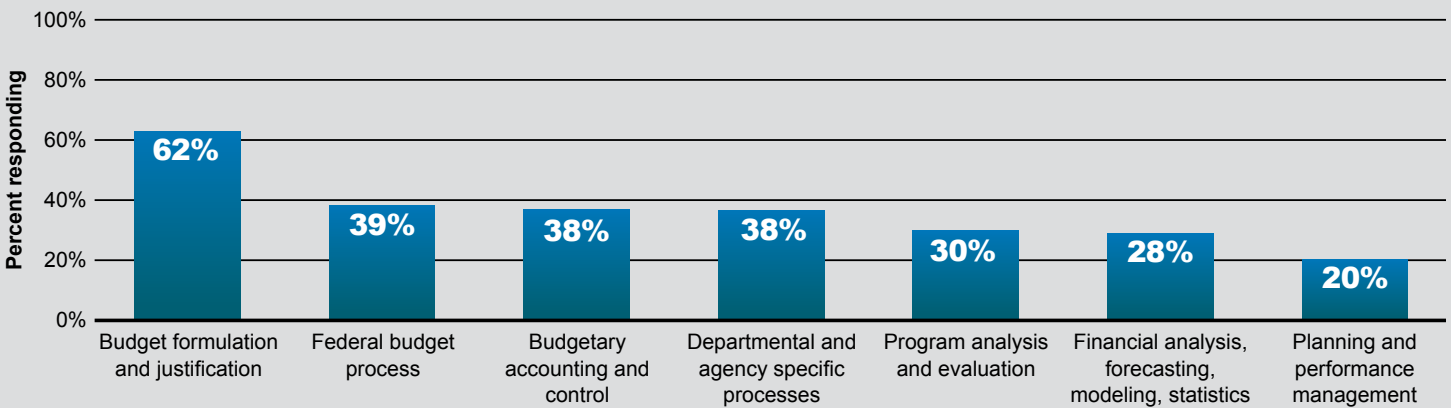


Figure 14 shows the most important budgeting competencies for the respondents' organizations, based on the top three choices of respondents. By a wide margin, respondents choose budget formulation and justification as the most important budgeting competency. If the agency fails to formulate and justify its budget, most of the other competencies would be irrelevant.

The next three highly ranked competencies are very close, including the federal budget process, budgetary accounting and control (which could be viewed as budget execution) and departmental and agency-specific processes. If an agency successfully formulates its budget, it must then know how to manage budget execution to realize the potential of the resources received in appropriations. For the

budget process, in theory, one could learn the federal budget process in a university classroom, but you only learn the specifics of how various departments and agencies deal with the federal budget process when you are engaged in those various departments and agencies. And every one of them is going to be different, some in major ways. To be an effective budget professional in a specific agency, you have to know that agency's processes and how they fit into the larger federal process.

Effective budget professionals must know the programs they are supporting and the financial implications of those programs, and we see 30% of respondents identify "program analysis and evaluation" and 28% identify "financial analysis, forecasting, modeling and statistics."



Since the implementation of GPRA, “planning and performance management” has become an important competency for budget professionals. This may be the choice for only 20% of respondents because the other nine options present other important competencies for budget professionals.

Figure 15:
Challenges to training and professional development

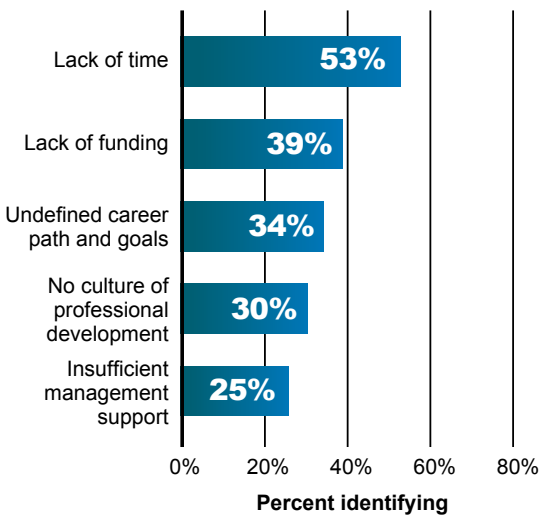


Figure 15 shows the challenges that budgeteers face with training and professional development, based on their top three choices. Budgeting is a year-round activity, so lack of time is always going to be a challenge. When there finally is time, 39% of respondents identify lack of funding as the challenge. This problem is going to continue and get even worse. About one-third of respondents identify undefined career path and goals as the challenge. The recent work by the Budget Formulation and Execution Line of Business (BFELoB) to define a budget career roadmap should address this challenge. Thirty percent of respondents identify a corresponding challenge, the lack of a culture of professional development. Budgeting is a career profession, and without an organizational culture

to support and nurture professional development, budget professionals face a major career challenge. A quarter of respondents find the lack of management support to be another challenge. When there is no culture of professional development in an organization, management can lack the motivation to support professional development.

Figure 16:
Most effective training methods

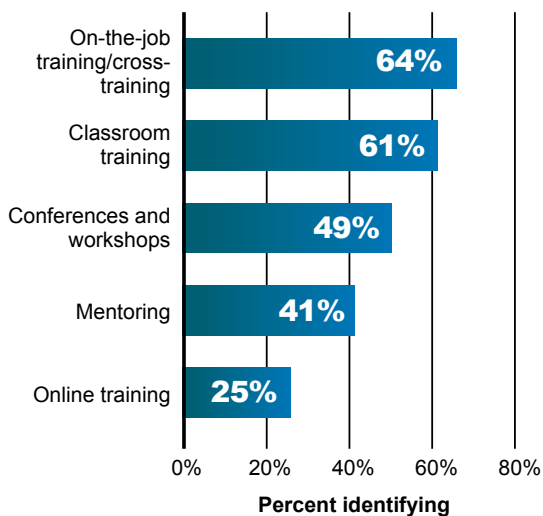


Figure 16 shows the most effective methods for training and professional development, based on the top three choices of respondents. “On-the-job training /cross-training” is the choice of 64% of respondents. This is often the only way for budget professionals to obtain training about agency-specific processes. Classroom training refers to offerings by the Office of Personnel Management and private groups like Graduate School USA, and 61% select this method. These offerings are usually very focused on federal issues and processes. Perhaps because such a large portion of the survey respondents are at a senior level, they often find effective training on detailed budget topics offered by conferences and workshops. Mentoring is usually related more to professional

development than training per se, and 41% identify this method as effective. Online training is the choice of 26%, perhaps because so little budget training is available online.

We asked about satisfaction with professional development and reasons why. About 44% of respondents say they are satisfied and 29% are dissatisfied. Although fewer of the respondents are dissatisfied, we received twice as many comments about dissatisfaction. Those focus on the lack of a defined career path and time or funds for development. Those who were satisfied say that their agency management is interested in professional development.

Job satisfaction

We asked respondents if their positions made good use of their skills and abilities, and 80% say they do. We also asked them why this was, and most of the answers come from the 20% who answered “no.” About half say that management does not care or just does not use them as they could be used. Most of the rest say that they simply do data entry or routine reporting, with no analysis.

Figure 17:
Factors affecting job satisfaction

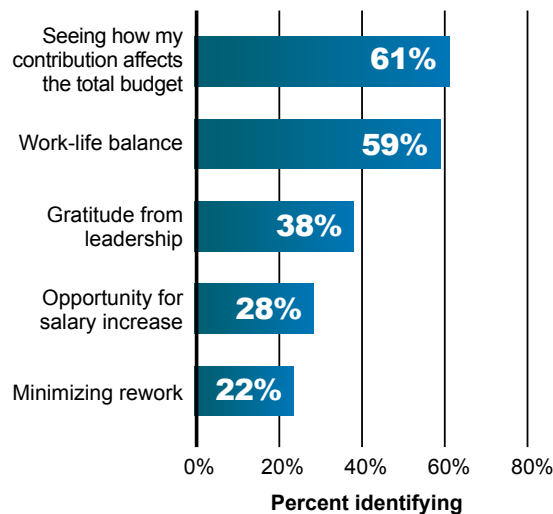
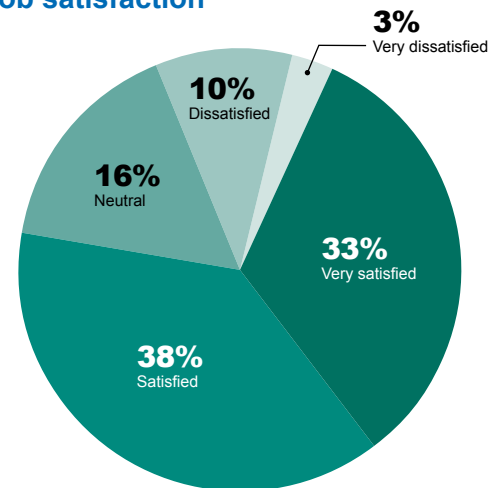


Figure 17 shows the factors affecting job satisfaction, based on the top three choices of the respondents. The only two options that more than 50% of respondents selected are seeing how their contribution affects the total budget and work-life balance. Regardless of the level at which budget professionals work, they want to know that their work contributes to the whole; they want to make a difference. At the same time, they have lives and responsibilities beyond work, and they need a job that recognizes that reality.

Respondents believe that gratitude from agency leadership, both career and professional, is important for job satisfaction. Like everyone else, budget professionals want to advance in salary along with the responsibility, and re-work can be a major problem in budget work that many want to avoid.

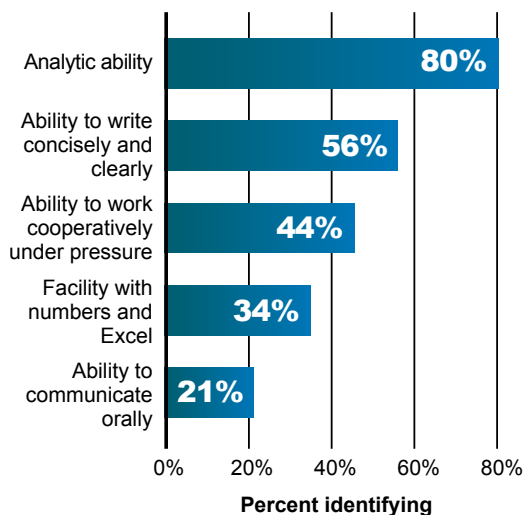
Figure 18:
Job satisfaction



So, wrapping up the questions on job satisfaction, we asked if, all things considered, respondents were satisfied with their jobs as budget professionals. The results are in Figure 18, and they are really interesting. One-third of

respondents are *very satisfied* with their jobs, and only 13% are dissatisfied or very dissatisfied. The job of a budget professional can be very demanding, and throughout this survey we have identified a panoply of problems they face on a regular basis, but survey respondents clearly perceive that the benefits are worth the cost.

Figure 19:
Ideal attributes of new hires



To close the human capital section, Figure 19 shows the ideal attributes of new budget professional hires, the next generation of budgeteers, based on the top three choices of respondents. By a wide margin the number one attribute is analytic ability. Most budget professional positions are analyst positions: budget analysts, program analysts, policy analysts, management analysts. If new hires cannot think critically, budgeting is not their profession. Like analytic ability, the next two choices, ability to write concisely and clearly and the ability to work cooperatively under pressure, are attributes that would be true of many professional jobs, not just budgeting. Next, as identified by

The job of a budget professional can be very demanding, and throughout this survey we have identified a panoply of problems they face on a regular basis, but survey respondents clearly perceive that the benefits are worth the cost.

34% of respondents, is a facility with numbers and Excel. This probably ranks after the first three because many budget jobs are not heavily involved with quantitative data. Most of budget justification, except that tied to cost-benefit analysis, is better supported with critical thinking. With 21% of respondents identifying ability to communicate orally, we are back to those attributes useful for any professional job.

Other thoughts

The last question in this section offered respondents the opportunity to add other comments about human capital issues. As in the other sections, there is a wide range of comments with few common themes. A few respondents discuss the need to refresh budget offices with young people who can bring new ideas and positive attitudes. Other issues mentioned by more than one respondent are that knowing accounting is useful for budgeteers, the federal hiring process does not work well to identify people with the attributes needed in budgeting, and the GS-560 budget analyst job series needs a major revision to reflect what budget professionals actually do today.

Conclusion

You travel down a new road with any first-time survey. We discovered much, but three recurring themes emerge from our survey of federal budget professionals:

- Budget formulation and justification is still Job One. Respondents identify it as their top role and the top competency. Any budget process improvements should focus in this area.
- Effective budgets connect with an agency's strategic plan, but many survey respondents say this does not always happen. Strategic plans need to be recognized as the basis of the agency budget.
- Though the budgeting process can be frustrating, to a great extent federal budget professionals are satisfied with their jobs.

We approached the survey with certain expectations, and the respondents gave us a number of surprises like these:

- Fifty percent have a role in tracking congressional action. We did not think nearly so many were involved.

- Twenty-six percent use Excel alone as their primary budget tool. Perhaps those who say the age of spreadsheets is over are missing something.
- Fifty-seven percent have a master's degree. The budget profession apparently attracts the well-educated.
- When they receive new requirements, 60% consider internal reprogramming before asking for new funding. Conventional wisdom says agencies do not examine their budget base.
- More budgeteers would prefer to reduce many activities rather than to eliminate a few. This seems to ignore the fact that continuing budget cuts are going to require a lower funding base.
- Fifty-six percent found it difficult to comply with OMB guidance to reduce 5% in their FY 2012 budget requests. We thought budgeteers would know where to find a few percentage points to cut.
- Thirty-three percent are very satisfied with their jobs and another 38% are satisfied. The common perception of budget work is that it is long, hard, frustrating and unappreciated.
- Many ideal attributes for new budget hires are very similar to those for any other professional. Typical professional training can prepare people for careers as federal budget professionals.

The survey helps us envision the future for budgeteers: The nation's community of federal budget professionals travels the road forward. They grab some training when and where they can, and they are always on the lookout for new tools. The current round of budget battles will be prolonged and demanding, but budgeteers are educated, experienced and skillful. They have what it takes to help agency leaders with the many difficult budget decisions ahead.



Acknowledgments

We thank everyone who participated in this inaugural survey — the number of respondents was beyond our expectation. We also acknowledge the support and contributions of the sponsoring organizations and the time and expertise of the individuals listed below.

To obtain copies of this report and the survey questionnaires, go to either of the websites listed below.

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